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**BUDGET SPEECH**

DELIVERED BY

**HON. JOSEPH SHEHYN,**

**TREASURER OF THE PROVINCE,**

IN THE

**LEGISLATIVE ASSEMBLY OF QUEBEC,**

ON THE

**14th JUNE, 1888.**



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MR. SPEAKER.—I hope the House will kindly permit me to offer the explanations usual on such occasions.

The voting of the supplies is equivalent to a vote of confidence in the Government ; consequently, before asking that vote, it is our duty to furnish to those, who are called upon to give it, the needful information to enable them to decide intelligently whether our administration is deserving or not of their approval.

We promised to labor with energy at the work of bringing the finances of the Province into good order and, before submitting the budget, it devolves upon me to show that we have kept that promise. Of course, it was impossible for us, within the brief space of the fifteen months elapsed since our advent to power, to have carried out our entire programme ; but we have labored resolutely at the work of repair, and the facts, which I am about to lay before you, will prove, I trust, that we have accomplished most of our task. In fact, we have already restored the financial position of the Province to a basis, which warrants a less apprehensive contemplation of the future, and, if our policy does not meet with too much opposition, we shall soon have completed the work of regeneration which we have undertaken.

But let us examine the facts which bear out this assertion.

To render the statement I am about to make easier of comprehension, I shall at once indicate the order which I propose to follow :

1. Remarks on the fiscal year, 1886-87 ;
2. Assets and liabilities of the Province on the 30th June, 1887
3. Conversion of the floating debt ;
4. Fiscal year 1887-88 ;
5. Receipts and expenses of the fiscal year 1888-89 ;
6. General remarks on what has been done to re-establish the equilibrium in the finances.

I shall now endeavor to give the fullest possible information on each of these heads.

## I

### Remarks on the Fiscal Year 1887-88.

By referring to the public accounts for the fiscal year ended on the 30th June, 1887, it will be seen that my predecessor began that year with a balance on hand of \$1,034,703.49. When we took charge on the 31st January, there remained in bank only a few thousand dollars ; but there was a considerable amount of debts pressing for payment. All the receipts for the seven months elapsed since the 1st July, namely, \$2,093,213.91, had been spent, together with all the balance on hand at the commencement of those seven months, namely, \$1,034,703.49, or, in other words, there had been expended in all \$3,127,917.40.

Against the \$19,240.49 in bank and which constituted all the money available for the requirements of the public service, there were due claims in the Treasury office to the amount of \$71,400.98, leaving an actual shortage of \$52,160.44.

The outlook for the three months ending on the 1st May was hardly more encouraging. According to the calculations of the Assistant Treasurer, the operations of those three months would leave a shortage of \$638,369.44, that is to say, that the payments would amount to \$1,049,459.43, while the receipts would only come up to \$411,090.49.

I thus found myself confronted with an empty chest and a heavy amount of pressing liabilities. The requirements of the public service largely exceeded the receipts upon which we could rely, so that, all well considered, there remained no other alternative but a loan to meet the engagements of the Province.

Before resorting to this expedient, I deemed it advisable to ascertain the obligations to be covered and, for this purpose, I had statements prepared by the Assistant Treasurer, showing the insufficiency of the credits voted at the instance of my predecessor and the balance of receipts remaining to come in. These statements, or the greater part of them at least, are reproduced in the printed tables just distributed to honorable members, who will find in them the proof or rather the corroboration of all I have stated.

The honorable member for Sherbrooke, in his budget speech of the 7th May, 1886, estimated the receipts of that fiscal year at \$3,093,622.80, and the payments at \$3,483,239.55. For the first seven months, namely, from the 1st July, 1886, to the 1st February, 1887, the receipts amounted to \$2,093,213.91 and the payments to \$2,705,400.94, so that, according to his estimate, there remained on the 1st February \$1,080,634.11 to come in and only \$777,892.61 to pay out during the last five months of that fiscal year. But he was mistaken in his calculations; as the result of a careful examination of all that remained to be collected and to be paid, the Assistant Treasurer furnished me with a statement showing that the receipts of the five months in question would not exceed \$952,989.11 and that the payments for the same period would attain the figure of \$2,073,768.23. These revised estimates placed the receipts of the whole year at \$2,965,977.80 and the payments at \$4,779,169.17. The real operations, as detailed in the public accounts, were as follows:

*Receipts of the Fiscal Year 1886-87*

Dominion of Canada.....	\$1,261,872.80
Crown Lands.....	692,620.48
Licenses .....	342,215.48
Administration of Justice.....	202,042.58
Percentage on the fees of public officers.....	11,596.39
Legislation .....	7,604.95
<i>Official Gazette</i> .....	24,087.27
Asylums—contributions from municipalities and patients..	8,372.49
Public Buildings.....	3,529.18
Casual Revenue .....	1,392.50
Civil service pension fund.....	5,237.93
Interest on deposits in banks.....	32,787.23
Interest on the price of sale of the Q. M. O. & O. Railway	368,975.60
Contribution to expenses of inspection of insurance companies.....	534.84
Industrial Schools.....	3.80
Premium, discount and exchange.....	67.06
Refunds.....	2,506.04
<b>Total of ordinary receipts.....</b>	<b>\$2,965,446.62</b>

<b>Trusts : — Marriage license fund, \$6,984.00 ;</b>		
<b>teachers' pension fund, \$55,056.80, Catholic</b>		
<b>superior education fund, \$273.25, Security</b>		
<b>deposits by public officers, \$8,500.00.....</b>		
	<b>\$70,814.05</b>	
<b>Repayment of advances.....</b>	<b>7,625.00</b>	
<b>Insurance on old Parliament Buildings.....</b>	<b>32,765.00</b>	
<b>Quebec Fire Loan.....</b>	<b>120.00</b>	
<b>Municipal Loan Fund.....</b>	<b>5,380.00</b>	
<b>Temporary loans.....</b>	<b>600,000.00</b>	<b>716,704.05</b>
<b>Total receipts from all sources.....</b>		<b>\$3,682,150.67</b>

*Payments of the Fiscal Year 1886-87*

Public Debt.....	\$1,016,023.14
Legislation .....	278,169.07
Civil Government.....	193,904.06
Administration of Justice, including police, reformatories, industrial schools and inspection of public offices.....	497,369.23
Public Instruction.....	355,295.00
Literary and scientific institutions.....	24,106.79
Arts and manufactures.....	11,500.00
Agriculture .....	89,476.22
Immigration .....	8,000.00
Colonization.....	155,000.00
Public Works and Building imputable to revenue.....	94,575.94
Lunatic Asylums.....	243,000.00
Benevolent institutions.....	39,316.00
Miscellaneous.....	17,459.25
Agent in France.....	2,500.00
Aid to distressed fishermen of the North Shore of the St- Lawrence.....	9,500.00
Royal Commission re the Q. M. O. & O. Railway.....	12,000.46
Deschamp— <i>List of parishes and municipalities</i> .....	7,600.00
Macadamizing the road of St. Barthelemi, county of Berthier, Wharf, revetment wall and dike at St. Justin, County of Maskinonge.....	1,600.00
Crown Lands Department.....	154,111.00
<i>Official Gazette</i> .....	14,500.00
Stamps, licenses, &c.....	9,319.56

Pensions paid.....	14,133.79
Municipal Loan Fund.....	216.00
Licenses, amount paid by revenue officers out of collections.	20,519.46
Building and Jury Fund, amount paid by Sheriffs out of collections .....	8,229.16
Teacher's pension fund, 43. 44 Vic., chap. 22, and 49, 50, Vic., chap. 27.....	6,000.00
Q. M. O. & O. Railway, traffic expenses .....	3,374.00
Inspection of Railways.....	900.00

Total ordinary expenses..... \$3,289,697.78.

Trusts :—Marriage license fund, R. Catholic Superior

education fund. ....	\$ 18,510.73	
New Parliament Buildings, construction. ....	184,298.00	
New Court House, Quebec, construction. ....	193,212.42	
Montreal Court House extension., .....	18,000.00	
Q. M. O. & O. railway, construction .....	8,000.00	
Subsidies to railway companies. ....	736,896.70	
Hon. Thomas McGreevy, account in suspense. ....	100,000.00	
Repayment of temporary loans. ....	250,000.00	1,508,917.85

Total payments of all kinds..... \$4,798,615.63

The ordinary operations may be summed up as follows :

Ordinary expenses. ....	\$3,289,697.78
“ receipts. ....	2,965,446.62
Deficit. ....	\$ 324,251.16

In this resume of the receipts and expenses, the classification differs slightly from that in the public accounts. Thus I enter among the receipts on capital account the \$7,625.00 repaid on certain advances, which are given as ordinary receipts in the public accounts. I also include among the ordinary expenses the \$900 paid for inspection of railways and which are put down as a payment on capital account in the public accounts.

The total of the receipts and expenses, as indicated by the public account, is as follows :

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Total payments.....	\$4,798,615.63
Total receipts.....	3,682,150.07
Excess of payments over receipts.....	<u>\$1,116,464.96</u>

This result does not indicate the position exactly. To find the right difference between the real receipts and the total expenditure, certain sums must be struck off, such as those which are only of a temporary nature and which have to be refunded or are held in trust. For instance, we repaid \$250,000 on the temporary loans and \$18,510.73 on trust funds, besides settling the \$100,000 claim of the Jacques Cartier Bank. Now, it is evident that these \$368,510.73 should be struck from the aggregate of the payments, thus reducing the latter to \$4,430,104.90. On the other hand, the \$70,814.05 received on account of trust funds, the \$600,000 of temporary loans and the \$32,765 coming from the insurance of the old Parliament House, should be deducted from the total of the receipts, which would reduce the figure of the ordinary receipts to \$2,978,571.62. Then, we would get the following result : —

Total payments.....	\$4,430,104.90
Total receipts.....	<u>2,978,571.62</u>
Real excess.....	\$1,451,533.28

This sum forms part of the liabilities, which were to be paid off out of the proceeds of the loan, and which were recorded as such in my last budget speech.

This sum is less than I stated on the strength of the revised estimates furnished by the Treasury officers ; but it is explained by the fact that certain items of the expenditure did not come up to the figure of their estimates, chiefly as regards the payments on account of subsidies to railway companies. We calculated on having to pay out under this head \$486,000 and we only had to pay \$114,431.80 or \$371,568.20 less, which makes a proportionate diminution in the total of the payments.

This diminution must be in great part attributed to the uncertainty in which the railway companies found themselves placed. As our predecessors had left us no money, these subsidies could only be paid by borrowing, and as the Opposition made so many efforts to prevent the loan we proposed, the railway companies, fearing the success of these efforts, suspended their works and had only time enough after the session and before the 30th June to earn but very little of their subsidies.

I therefore pretend that, after taking out the purely accidental operations, it will be necessarily found that the ordinary expenses exceeded by \$1,451,533.28 the figure of the ordinary receipts.

This result differs materially from the one anticipated by the honorable member for Sherbrooke. Instead of \$3,093,622.80 the sum upon which he counted, the receipts only amounted to \$2,965,566.62, making a diminution of \$128,056.18. The expenses, which he estimated at \$3,483,293.55, ran up to \$4,798,615.63 or an increase of \$1,315,322.08. On the 31st January, he had spent \$416,397.72 beyond his estimates; now, if you add to this the shortage foreseen by him between the receipts and expenses, namely, \$389,670.75, and the \$128,056.18 less in the receipts, you will get a total of \$934,124.65. The difference between these two sums is \$517,409, which is the amount actually expended beyond my predecessor's estimates. This amount forms part of the supplementary credits, which we got voted last session to supply the insufficiency of his budget, (as established by the statements of the officers of the Department) which was far below the real requirements of the public service.

These explanations and the tables just distributed will suffice to establish the correctness of the result I have noted.

In any case, whatever may be the excess of the expenses over the receipts, it is well to remember that we are in no sense responsible for it and that we simply paid the expenses incurred or the debts contracted by our predecessors. I lay stress on this point, in order that the responsibility may rest upon the shoulders of those to whom it rightly belongs, and that we may exonerate ourselves from the dishonest and disloyal charges which certain of our adversaries would not fail to formulate against us, if we did not place this question of responsibility beyond dispute.

The receipts have exceeded the figure of my estimates and the expenses are less. To establish this point clearly and to show the difference between the anticipated deficit and the one indicated by the public accounts, I have had a statement prepared indicating the difference in each item and in the aggregate of the operations, and another statement showing the ordinary and extraordinary receipts, with the actual receipts on the one side and our estimated receipts on the other, as well as the amount of the actual and the estimated expenses.

But detailed and clear as are these statements, it will, perhaps, not be out of order to point out some of the principal variations which have occurred in the figures of the estimates.

Licenses yielded \$67,215.48 more than the anticipated receipts. This excess is attributed to the increase of the price of the licenses and the increased efficiency which we imparted to the service entrusted with the enforcement of the law and the prevention of fraud.

The items of receipt which did not come up to the figure of the estimates of the hon. member for Sherbrooke were mostly foreseen in the estimates of last session. We collected none of the \$30,000 entered as interest on the common school fund, as we were unable to give attention to this question until after the session and to prosecute energetically the negotiations with the Ontario Government, who refused to pay so long as there was no understanding come to between the two Governments.

I need say nothing relative to the differences in the figure of the expenses, as those which occurred were anticipated in the supplementary estimates submitted last session and intended to supply the insufficiency of the credits asked by my predecessor.

I trust that these explanations and the printed tables distributed to honorable members will satisfy them that I have given them all the information it is possible to give.

## II.

### Assets and Liabilities on the 30th June, 1887.

According to the official reports supplied by the different departments, the liabilities and assets of the Province stood as follows at the close of the last fiscal year:—

#### LIABILITIES.

Funded Debt outstanding.....	\$ 18,117,233.33
Temporary Loans and Deposits.....	1,329,105.25
Outstanding Warrants at 31st January, 1887.....	240,753.72
Railway money subsidies authorized, but not yet earned.....	530,107.25
Railway land subsidies converted into money subsidies under 49-59 Vic., Cap 77, and authorized by order in council prior to the 31st January, 1887, 3,800,500 acres at 70 cts. per acre .....	\$ 2,660,350.00
Amount carried over.....	\$20,217,199.55

Amount brought forward.....	\$20,217,199.55
First 35 cts. per acre payable as the work is done .....	\$ 1,330,175.00
Paid on account of same to 31st January, 1887. ....	310,653.30
	<u>1,019,521.70</u>
Railway land subsidies which may be converted into money subsidies, 1,326,000 acres at 70 cts. per acre.....	\$ 908,600.00
First 35 cts. per acre payable as the work is done .....	454,300.00
Estimated cost of completing Parliament Buildings .....	75,123.00
Contract for statues on Parliament Buildings...	25,000.00
Estimated amount required to complete Quebec Court House.....	100,487.28
Balance of land and other debts Q. M. O. & O. Railway .....	60,070.00
Loss on Exchange Bank deposit.....	27,000.00
Quebec Court House Bonds.....	200,000.00
	<u>\$22,188,700.08</u>

## ASSETS.

Part of price of Q. M. O. & O. Railway deposited in banks.....	\$ 385,000.00
Part of price of Q. M. O. & O. Railway invested in Quebec Court House bonds .....	200,000.00
Part of price, do, invested in City of Quebec debentures .....	15,000.00
Balance of price of Q. M. O. & O. Railway unpaid .....	7,000,000.00
	<u>\$ 7,600,000.00</u>
Capitalized railway subsidies under Dominion Act. 47 Vic., 8.....	\$ 2,394,000.00
Claim against Honorable Thomas McGreevy.....	100,000.00
Cash in Banks.....	81,761.66
Cost of Jacques-Cartier school, Montreal, to be repaid from sale of property.....	138,348.02
Advances to various parties.....	87,771.40
Estimated amount due as interest on Common School Fund from Ontario.....	135,000.00
	<u>222,771.40</u>
Amount carried over.....	<u>\$10,536,881.08</u>

Amount brought forward.....	\$ 10,536,881.08
City of Montreal, subscription to Hull bridge....	50,000.00
do contribution towards lands expropriated between Ho- chelaga and Dalhousie square .....	72,188.02
Quebec Court House Tax under 45 Vic., 26 and 48 Vic., Cap. 15.....	200,000.00
	<u>\$ 10,859,069.10</u>
Excess of Liabilities over Assets at 30th June, 1887.....	\$ 11,329,620.98
	<u>\$ 22,188,700.08</u>

Comparison between this statement and the one I submitted last session for the 31st January, 1887, will show that there has been very little change in the various items composing the assets and liabilities of the Province and that the excess of the liabilities over the assets has remained about the same. On the 31st January, the liabilities were \$22,143,447.68 and on the 30th June they were \$22,188,700.08, which makes an increase of \$45,252.40. On the other hand the assets, which were \$10,754,280.24 on the 31st January, amounted to \$10,859,069.10 on the 30th June, which makes an increase of \$104,788.86 or one of \$59,526.46 over the increase of the liabilities. In other words, the excess of the liabilities over the assets was \$11,389,167.11 on the 31st January and \$11,329,620.98 on the 30th June, that is to say, that, in the interval between these two dates, the figure of the net debt was reduced by sixty thousand dollars.

This reduction comprises the amount paid for sinking fund and the redemption of a certain number of bonds of the funded debt, which last was thus reduced from \$18,155,013.33 on the 31st January, 1887, to \$18,127,233.33 on the 30th June, or by \$27,780.

On the 31st January, the floating debt amounted to \$3,988,434.32 and to \$4,061,466.75 on the 30th June, that is to say, that it remained nearly stationary.

During these five months, there was an increase in the temporary loans, but as we applied the proceeds of these loans to paying off an equal amount of the floating debt, this increase did not affect the situation as a whole.

In the assets, there was in January a claim of \$100,000 against the Jacques Cartier Bank. In conformity with the resolution of the House, we remitted this sum to the Bank, but it has been debited to the Hon. T. McGreevy, to whom the advance had been made by the Bank, so that the result of this operation was simply to change the title of the credit.

During those five months, we paid \$114,431.80 on account of subsidies to railway companies, and the subsidy of \$9,800 to the railway from St. Andrew's to Lachute became lapsed ; so that this part of the floating debt was diminished to the extent of these two sums, or by \$124,431 in all.

The liabilities maturing during the five months comprised between the 31st January and the 30th June amounted to \$1,893,203.58. Of this we paid off \$758,407.71, leaving still to be paid under this head on the 30th June last a balance of \$1,134,795.87. To procure these \$758,407.71, we effected two temporary loans of \$300,000 each and the balance of \$158,407.71 is included in the warrants outstanding at the end of the year. The total of these warrants is \$240,753.27. And, if you deduct from this sum the cash on hand, namely \$81,751.66, you will find a difference of \$159,001.61, which about corresponds with the figure just given as representing the warrants issued to pay off certain portions of the floating debt and remaining outstanding at the close of the last fiscal year.

Of the liabilities falling due from the 31st January to the 30th June, there therefore remained, at the last mentioned date, \$1,134,795.87 still to be paid. This sum was made up of the following items :—

Temporary loans, etc.....	\$729,227.67
Loss on Exchange Bank deposit.....	27,000.00
Balance of claims for construction Q. M. O. & O. Railway.....	7,000.00
Railway subsidies.....	371,568.20
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	\$1,134,795.87

Since the 30th June, these railway subsidies have been paid, the temporary loans have been repaid, and we would have reimbursed the loss on the deposit in the Exchange Bank if we could have learned from the liquidators the exact amount of that loss.

The \$32,765.00 derived from the insurance on the old Parliament House have also been paid over, an arrangement having been effected by which we got rid of an unproductive property upon which we had to pay a perpetual annual ground

rent of \$4,444.00. At 5 per cent this rent represents a capital of \$88,880.00, which far exceeds the value of that unproductive property and the \$32,765 of insurance.

The floating debt, therefore, on the 30th June last, amounted to \$4,061,466.75 and against this debt we could only set the following realizable or available assets :

Cash on hand.....	\$ 81,751.66
Property of the old Jacques Cartier Normal School.....	138,348.02
Loan to the North Shore Turnpike Trust.....	15,000.00
Loan to the Trappist Fathers.....	10,000.00
Loan for seed grain to certain municipalities of Charlevoix.....	25,646.40
Loan to proprietors of Beauport Asylum.....	10,500.00
Loan to proprietors of St. Jean de Dieu Asylum.....	25,625.00
Montreal's subscription to Hull Bridge.....	50,000.00
Due by Montreal for expropriations between Hochelaga and Dalhousie place.....	72,188.02
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	\$430,059.00

This was the sum total of our assets on the 30th June, to pay off a floating debt of \$4,061,466.75. Let me remark, too, that there are several items of the assets whose realization is very doubtful, which reduces at the most to \$300,000 the amount upon which we can count. The situation, therefore, as regards the floating debt, may be summed up as follows :—

Amount of indisputable liabilities . . .	\$4,061,466.75
Realizable assets . . . . .	300,000.00
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	\$3,761,466.75

Strike off the \$200,000 for the construction of the Quebec Court House, which is represented by a permanent loan, and there remains \$3,561,466.75 ; but \$200,000 must be added for the enlargement of the Montreal Court House, \$25,000 for aid towards the construction of iron bridges, and \$10,000 for exploring surveys in certain counties, the whole as voted last session, which brings to \$3,796,466.75, the figure of the floating debt on the 30th June, 1887.

Hon. members will please remark that I have struck off from the assets available to meet the floating debt the sum representing the interest due on the

common school fund. This interest is naturally an item of ordinary revenue and should not be entered among the receipts on capital account intended to wipe out old debts.

The amounts due to the municipal loan fund also represent a certain asset ; but, as what we can collect of these is more or less uncertain, I put them against the doubtful claims which I have not included among the liabilities. These claims, as I explained last session, then amounted to \$4,534,497.96. We have since been compelled to settle a certain number of them, some in consequence of adverse judgments and some by compromise to avoid useless costs and on more advantageous terms than we could have secured if we had applied to the law courts to decide the amounts. In fine, what we shall be obliged to pay upon the residue of these claims will probably absorb more than we shall collect of the amounts remaining due to the municipal loan fund.

I think it right to enter into all these details in order to clearly define the situation. I do not wish to blame any one ; but justice and equity require that I should show the situation in its true light, so that the line of demarkation may be correctly drawn between the responsibility which falls to our share and that which should rest upon others.

While, on this head, I may, perhaps, be permitted to call attention to a pretension, which needs only to be exposed to be refuted.

Certain parties have stated and written that we have increased the debt of the Province by contracting the last consolidated loan.

These statements are as unfair as they are absurd.

What are the facts ?

Our predecessors had accumulated a floating debt of nearly four millions, by the time we took office, and that debt had to be paid off. But with what were we to pay it ? Under the administration of our predecessors, the ordinary revenues did not suffice to cover the ordinary expenses. No other recourse, therefore, was left but a loan. But, how were we to borrow three or four millions otherwise than by an issue of bonds ? Where are the monetary institutions in the country that could have lent us such a sum at a long term ? Consequently, we had to convert the floating debt, contracted by our predecessors, by borrowing abroad and that is what we did. We have not increased the debt ; we have simply changed the creditors of the Province, which has also enabled us to effect a reduction of one per

cent. in the rate of interest and to thereby realize a saving of \$30,000 a year. It seems to me that a transaction of this kind is deserving more of praise than of blame or criticism and, if one can judge by the results of the elections since last session, the people of the Province are of the same opinion as I am on this head.

### III

#### **Conversion of the Floating Debt.**

For the purpose of converting the floating debt, the Legislature passed a law last session authorizing us to effect a consolidated loan of \$3,500.00

Shortly after the session, I applied myself to the negotiation of this loan. I opened communication in the first place with the Bank of Montreal and in an interview which I had with the Vice-President and manager of that institution, I made them a proposal to undertake the operation or to place themselves at the head of a syndicate who would be disposed to take our bonds; but their answer left me under the impression that the affair did not suit them.

At the date of this interview, I had already received several letters from Messrs. A. T. Drummond and Hanson Brothers, brokers, of Montreal, as well as from several other parties, offering me their services in connection with the loan. Some of these gentlemen represented powerful London banking house, such as Morton, Rose & Co., Paumure, Gordon & Co., all favorably known in this country.

Before accepting or even considering any of these offers, I deemed it prudent to test the market to ascertain what we might obtain for our 4 per cents and to not bind myself towards any person, in order to secure the benefit of competition for the Province.

Meanwhile, I received a call from Mr. Porteous, the manager of the Bank of Montreal, at Quebec, who informed me that that institution was ready to take the loan at 97 and at 4 per cent interest on the following terms:—

The Government to grant twenty four hours' delay for ratification of the offer;

The price agreed upon to be paid one fourth on delivery of the bonds by draft at sixty days, another fourth thirty days after by draft at sixty days, and the balance sixty days after, also by a draft at sixty days.

This offer mentioned nothing respecting the costs of emission, which represent

a considerable percentage. Taking into account the loss of interest, 1 per cent, the expenses of stamps,  $\frac{1}{2}$  per cent, and the loss on the exchange which was then from  $\frac{1}{2}$  to 1 per cent below par, this offer was equal to 94  $\frac{1}{2}$  or 95 or less than the quotation of our 5 per cents on the London market. Thoroughly convinced that we could do better than this, I declined this offer and had a circular, (1) prepared of which copies were sent to the London, New-York and Paris markets.

According to the terms of this circular, the delay for receiving tenders was to expire on the 1st August; but, to give greater facility to tenderers on the other side, I waited fifteen days before taking any of the offers received into consideration. I received three from private bankers, but none from banks; not even from the Bank of Montreal or that of British North America to each of which we had addressed, with the circular, a letter from the department.

The offer of Hanson Brothers, was 92 at 4 per cent interest, without guarantee of the rate of exchange as stipulated for in our circular—the Government engaging to pay 1 per cent commission to the “National Provincial” Bank of England for the interest service, and the tender further stipulating that the payment of the purchase price should be made in London, in three instalments.

This offer was not acceptable.

At the same time that they sent in this tender, the same gentlemen sent in another, offering to float the loan at our risk upon commission. I did not consider that it would be to the advantage of the Province either to accept this offer.

The second tender was that of Mr. A. T. Drummond, broker, of Montreal, acting on behalf of Panmure, Gordon & Co., of London. This tender was 86  $\frac{1}{2}$  for our 3  $\frac{1}{2}$  per cents or 93 for our 4 per cents, payable in four instalments, by drafts at 60 days after sight, rate of exchange guaranteed, expenses of stamps, &c., payable by the purchasers with the exception of a commission of  $\frac{1}{2}$  per cent payable by the Government to Mr. A. T. Drummond.

This offer, like the first, was not acceptable.

The third tender, which was that of Mr. James M. Nelson, of New York, offered 94 net for our bonds bearing 3  $\frac{1}{2}$  per cent interest.

The delay fixed by the circulars having expired, and, having no other offer before me, there remained nothing to be done except to choose the most advantageous. It was decided to accept Mr. Nelson's offer, but not to close with it until

(1) See circular at the end.

we had obtained satisfactory information about him. This information having proved favorable, we concluded a bargain by which he undertook within seven days to deposit as a guarantee in the *Chemical National Bank* of New York, securities to the amount of three and a half millions in favor of the Government. These securities were to become the property of the Government in the event of the syndicate, represented by Mr. Nelson, failing to carry out its engagements. This syndicate was composed of five persons, whose commercial standing was such as to place their ability to fulfill the conditions of the contract beyond all doubt. Moreover, with the guarantees upon which we had insisted, we ran no risk in making the bargain and all the more so because the Province was in no sense bound, in the event of failure. More than this, it was our duty to accept the lowest tender, when the necessary precautions had been taken to protect the interests of the Province. If we had acted otherwise, we would have left ourselves open to censure, and rightfully so, for not having accepted so advantageous an offer. We would have been told: You should clearly have accepted their tender but you should have insisted on getting from the tenderers a guarantee of their good faith. Well, that is just what we did. With the guarantees stipulated in the contract, we ran no risk and we had, moreover, reason to believe that this syndicate was in a position to meet its engagements, because, if otherwise, what would have induced Mr. Nelson to incur the expense he did to give effect to his offer, if he was not serious and if he was not backed by men able to negotiate the loan? I have personally no doubt that the engagement would have been met and the requisite deposit made on the day fixed but for an altogether accidental event.

Before the expiration of the delay granted for the deposit of the guarantee of 3½ millions, and two or three days after the signing of the contract, the president of the syndicate was struck down with dangerous illness at his summer residence at Newport, R. I., and expired a few days later. This gentleman was president of the finance committee of the loan department of the *New-York Mutual Life Assurance Company* and reputed to be worth several millions. It was he who had organized the syndicate, and who was its president. I have it also from a reliable source that his illness was contracted during a trip he made to New-York for the express purpose of closing the transaction which he had authorized Mr. Nelson to make. His death naturally caused delay and was also the reason why the deposit of three and a half millions agreed upon was not put up.

During the illness of Mr. Ross and pending the formation of a new syndicate a change occurred in the state of the money market. There was a rise in all securities and the condition requiring the deposit of a guarantee equal to the

amount of the loan was considered too onerous, and reasonably so, as it is not customary to exact such conditions in these kinds of contracts. Accordingly, an offer was made to us to substitute for this deposit another of \$100,000 as a guarantee for the execution of the contract. Not wishing to miss the opportunity to carry through an operation so advantageous to the Province the Government consented after a good deal of negotiation to make this concession, which, after all, was only an increase of precaution, and to modify the contract in that sense, while retaining its rights under the first contract. This deposit of \$100,000 in cash was to have been made with the Bank of Montreal in New-York and to have been placed to the credit of the Province, to become its property in the event of the syndicate failing in its engagements. The proposition being accepted and the syndicate reconstructed, a delay of a few days was granted to make the deposit in question, but, before the expiration of the delay, Mr. Frederick H. Cossitt, who had replaced Mr. Edmund Ross, died suddenly. This Mr. Cossitt, who was also one of the trustees of the *Mutual Life Assurance Company*, was a retired merchant of the highest respectability and a member of the financial committee of that institution in which he exercised great influence.

Mr. Cossitt's unexpected death was the second check to this syndicate, which, by the very fact, was thrown again into a state of disorganization. Not yet discouraged, however, Mr. Nelson and his associates went to work to form a new syndicate, but, unfortunately, after two such blows, it was impossible for them to find capitalists able to carry out the contract. Summoned by the Government to fulfill their contract obligations or to abandon the affair, they sent despatch after despatch assuring us from day to day that their reorganization was certain. They were really serious and fully resolved to give up the task only after they had exhausted every possible means. On the other hand, the Government, in the face of the advantageous offer of this syndicate as compared with the others then before it, did not desire in the interests of the Province to break off too abruptly negotiations begun under such favorable auspices. Mr. Schuyler, one of the interested parties in the business, made several journeys to Montreal and Quebec, and, on each of his visits, assured us that the contract would be carried out and that all that was needed was a delay of a day or two at the most. All this can be seen on reference to the correspondence and despatches exchanged with the syndicate, which have been laid on the Clerk's table.

If we did not meet with the success we anticipated in New York, our efforts in that direction were not without result, as they brought us into relationship communication with bankers to whom we are indebted for very valuable information and whose advice was most useful to us in our operations.

Thus, it was through the medium of Messrs Heidelberg, Ickelheimer & Co., wealthy bankers, of New York, that we were placed in communication with the Credit Lyonnais, with its capital of 200,000,000 francs, one of the most solid monetary institutions of Europe and possessed of unlimited credit. We were all the more fortunate in entering into negotiations with this powerful institution that the banks of the Province had refused to interest themselves in our affair and that we were reliably informed that there was a regular organization in London to prevent us from succeeding or to impose on us the most burthensome conditions.

We avoided all this by transacting with the Credit Lyonnais, which, in taking charge of our loan, gave the Province the benefit of its own high credit and raised the quotation of our bonds in the markets abroad.

I need hardly say that it required a good deal of negotiation to arrive at the advantageous bargain which we concluded. The Credit Lyonnais did not want to bid beyond the current value of our bonds, as quoted in London; while, on our side, we wanted to get more and succeeded in getting it.

At the date of these negotiations, our 5 per cents, average term, were quoted at 112; now, we obtained 96½ for our 4 per cents, which is equivalent to 5 per cents at 113.46 or 1.46 per cent more than the market quotation. We also effected a saving of ½ per cent on the stamp charges and, instead of losing, we gained on the exchange, which makes our transaction about 2 per cent better than the current quotations.

Favorable, however, as was this bargain, I did not wish to close with it before again addressing Mr. Drummond with whom I had continued to correspond, assuring him that he would get the preference if he made us as good an offer as, the Credit Lyonnais. He offered me at first 93 for 4 per cents, then, a few days afterwards, 95½, less a commission of ½ per cent; but he withdrew this last offer on the pretext that his proposal did not involve a firm price, but was subject to certain charges which we did not want to assume.

At the same time, I had assured myself, through a correspondent in London, whom I had instructed to make careful enquiries on the subject, as to the value of our bonds and what they were likely to bring in England, and his reply left no doubt as to the superiority of the proposal made us by the Credit Lyonnais. It was then decided to definitely accept 96½ net from the Credit Lyonnais, and I accordingly addressed the following note to its agents, Messrs Heidelberg, Ickelheimer & Co.:

" NEW-YORK, 14th DEC., 1887.

" GENTLEMEN :

As you stated in our interview of this day that you were not prepared to close with our offer without first writing to your correspondents on the other side the nature of this offer and that for the purpose you required an option till Wednesday, the 27th instant inclusive, after consulting with the Premier as I stated I would have to do before I could decide, we have both come to the conclusion to grant you the delay asked for, but no further. In our interview of yesterday regarding the negotiation of our Provincial loan of \$3,500,000, I stated that the lowest price I would accept for a four per cent issue would be 96½ net in New-York in gold currency or its equivalent. The said 96½ to be free from commission and charges of any nature whatever.

You undertaking to pay for this loan in New-York as follows :—

1	million payable	15th January, 1888.
1	" "	15th February, "
½	" "	15th March, "
1	" "	1st April "

Less 3½ per cent to cover all charges, discount, etc. reducing the amount to 96½ net per cent. "

This offer was definitely accepted and embodied in a contract subject to ratification by the authorities of the Credit Lyonnais and it was to get this ratification that my hon. friend, the Prime Minister, went to London and Paris.

By this contract, the Credit Lyonnais undertook to pay in American gold, at New-York, and at the dates mentioned in my letter, a sum of \$3,377,500.00 or 96½ per cent of the nominal amount of the issue, net, and free of expenses and charges of any kind whatever, except \$3,000 for the printing of the bonds, which were to bear the date of the 2nd January, 1888, with interest also to run from that date. This interest, at the rate of 4 per cent, is payable semi-annually in London or Paris and the term of the loan is forty years.

The expenses which we escaped by selling firm are relatively considerable. In the first place, there are the stamp charges, which, in London, have been raised from ½ to ½ per cent and, at the latter figure, are equivalent to \$17,627.23 on the amount of our loan. To this must be added the other expenses and, especially, the exchange, which form pretty a round sum. These different charges represent 3½ to

4 per cent, so, that by avoiding them, we really placed our loan at par. If we had conducted the operation by way of public tender, the Province would have had to support all the costs, which would certainly not have produced a better result, without taking into account that we would have had to run the risk of all the fluctuations of the money market and the rates of exchange.

A certain amount of importance appears to have been attached to the fact that the Credit Lyonnais placed the bonds of this loan on the market at a higher price than it paid us for them. This is simply a stock operation which could only be carried on by an institution like the Credit Lyonnais, but not by a Government. The Bank of Montreal did the same thing with the bonds of the loan of 1882. After buying them at par from the Government, it placed them on the market at 107. At the time, no one thought of saying anything against this very common operation, not even the newspapers which are now endeavoring to find fault with us, for the action of the Credit Lyonnais in doing the same thing with the bonds of the loan of 1888.

Our issue, representing \$3,500,000, yielded to the Province in gold, in New York, \$3,377,500, or \$96.50 per \$100. In addition, we gained \$937 as premium on the exchange between New York and Quebec, thanks to the care we took to in effecting the transfer of the funds without exposing ourselves to the danger of the fluctuations in the rate of exchange.

Deducting the discount, expenses of emission and exchange, the 4 per cent loan of 1888 has produced 96½. Making the same deductions as regards the other consolidated loans of the Province, the following table may be formed, indicating also what those loans should have produced to have brought as much as ours, allowance being always made for the rate of interest :

<i>Loan of</i>	<i>Rate of Interest.</i>	<i>Net Proceeds.</i>	<i>Amount they should have produced.</i>
1874	5 per cent.	94.95	113.44
1876	5 "	100.00	113.44
1878	5 "	95.16	113.44
1880	4½ "	88.26	106.08
1882 (in Canada)	5 "	100.00	113.44
1882 (in London)	5 "	99.16	113.44

These figures show beyond dispute the superiority of our operation.

In these calculations I have not included the interest lost. It is well known that, in these transactions, the almost invariable rule is that the borrower loses

on the first interest coupons, without any deduction for the time during which he has not had the enjoyment of the money. This loss of interest frequently forms a pretty important sum. Taking this into account, the net proceeds of our loan, that is to say, the amount really received by the Treasury was \$3,345,953.68 equal to 95.56 which carries to 4.18 per cent the rate of interest on the net proceeds received.

Making the same deduction for the other loans, a different result is naturally obtained from that indicated in the table just given.

The 5 per cent loan of 1874, for \$3,893,333.34, produced \$3,624,232.77 or \$269,100.37 less than the amount of the issue. This deduction reduces its net proceeds to 93.07½ and raises to 5.37 per cent the rate of interest on the actual receipt.

The 5 per cent loan of 1876, for \$4,185,333.33, only shows a reduction of \$9,009.27, which gives 99.78 as the net proceeds and 5.01 per cent as the rate of interest on the sum received by the Province. But is well known, that this loan was effected under excedtional circumstances and that the Merchants' Bank, which took charge of it, lost by the operation a couple of thousand dollars.

The 5 per cent loan of 1878, for \$3,000,000, brought net to the Government \$2,802,365.99 or 93.40, which raises the rate of interest on the amount received to 5.35 per cent.

The 4½ per cent loan of 1880, for \$4,275,853.34, yielded \$3,693,587.79 or \$582,265.55 less than the amount of the issue, which is equal to 86.38 and raises the interest to 5.21 per cent on the actual receipt.

The 5 per cent loan of 1882 was negotiated partly in this country and partly in England.

The \$1,066,500 floated in the Province produced \$1,063,906.89 which is equivalent to 99.76 and to 5.01 per cent of interest on the receipt.

The \$2,433,333.33 negotiated in London produced \$2,395,021.67 or \$38,311.67 less than the par issue, which is equal to 99.21 and makes the interest 5.04 per cent on the amount really received.

Calculating the relative proportion between values, that is to say, taking into account the rate of interest and the net percentage received, these figures clearly show that we negotiated the last loan at from 12 to 16½ per 100 better than any of the previous loans of the province were floated. Yet all those loans, except that

of 1882, had the additional guarantee of a sinking fund, while ours had none and our sole guarantee was the simple responsibility of the province. This is a consideration which should be taken into account.

The bargain we made was also much more advantageous than the offer of the Bank of Montreal. That bank offered us 97 ; but, from this figure, must be deducted the cost of stamps, exchange, loss of interest, etc., forming at least  $2\frac{1}{2}$  per cent, which would have reduced the net proceeds to 94.50 or 2 per cent less than we obtained.

Consequently, we obtained for this 4 per cent loan almost as much as was produced by the previous 5 per cent loans. It must be admitted that this is already a great stride towards the rehabilitation of the credit of the province. By this transaction we gained 1 per cent for the province in the interest account or \$35,000 a year during forty years, the whole forming a sum of \$1,400,000 which would have been lost if we had borrowed on the same terms as our predecessors.

There is another consideration which should not be overlooked :

Down to 1880, all our loans bore 5 per cent interest. That year the Chapleau Government wanted apparently to secure a lower rate, but only succeeded in doing so by sacrificing £78,600 sterling on the capital. This operation was so disastrous that three years later, when it became necessary to float the loan of 1882, Mr. Wurtele was forced to revert to the 5 per cent rate.

This rate, then, was the established rate when we entered the market with the loan of 1888. To lower it to 4 per cent, the current had to be stemmed ; we had to fall a point at one stroke, while our predecessors obtained a fall of half a point only by sacrificing a considerable sum and found themselves, three years later, compelled to lose the ground won at the expense of such sacrifice and to revert to the old rate of 5 per cent. We had thus a serious obstacle to overcome and the success which we obtained places our operation far above all those of our predecessors.

To show what the criticisms of the last loan are worth, it is only necessary to compare it with that of 1880, which was represented at the time as a magnificent operation. "The French loan"—said *La Minerve*—"at the rate offered and accepted, was an excellent financial operation."

The amount of that loan was \$4,275,853.34 and the proceeds realized were \$3,693,587.79 or 86.38 per cent. The interest which we pay on the nominal

amount represents 5.21 per cent on the actual receipt. The 4 per cent loan of 1888 produced net \$3,345,953.68, which only makes the rate of interest we pay on the net proceeds 4.18 per cent. At the percentage realized by Mr. Chapleau,—86.38—our loan would have only brought \$3,023,300 or \$322,653.68 less than we really obtained and this, without taking into account the advantage resulting from the diminution in the rate of interest; next, at the rate we realized—95.96—the Chapleau loan would have produced \$4,087,715.78, while it only yielded \$3,693,587.79 or \$394,128 less, which is comparatively a loss to that extent.

Mr. Chapleau paid  $4\frac{1}{2}$  per cent interest, while we only pay 4 on the loan of 1888. This reduction of  $\frac{1}{2}$  per cent on \$3,500,000 represents a sum of \$17,500 a year or \$700,000 for the forty years which the loan has to run.

The difference between the percentage realized by our loan and that realized by the loan of 1880 amounts to \$322,653.68. To this must be added the interest on this difference at 4 per cent during forty years, which makes \$516,245.60 more. Summing up all these figures, we get the following result :

Gained on the interest.....	\$ 700,000.00
“ “ capital .....	322,653.68
Interest on the gain.....	516,245.60
	<hr/>
	\$1,538,899.28

Our operation is therefore better for the province by \$1,538,899.28 than if we had borrowed on the condition accepted by the Chapleau Government in 1880.

Consequently, the newspapers, which have undertaken to criticize our loan, have taken good care to not compare it with the previous loans of the province and, to find some pretext for their criticisms, they have seized upon certain other loans floated at nearly the same time as ours. Special stress has been laid on the fact that the colony of Victoria placed £1,500,000 at 108 and at 4 per cent interest and it has been endeavored to compare the two operations in order to try to prove that we should have obtained more than we did.

This comparison is absurd from every point of view. There is no possible parallel to be drawn between the credit of Victoria and that of the Province of Quebec. Apart from the fact that that colony had already negotiated three heavy loans at 4 per cent and that its position was solidly established at that rate, while ours was not, its resources and revenues are infinitely greater than ours, without taking into account that its budget, for the five years from 1883 to 1888, shows

a surplus of receipts to the extent of \$2,271,738.96, while ours displays only deficits running up into the thousands of dollars for the same space of time.

Of the total debt of Victoria, which was £33,119,164 sterling in June last, £25,404,847 or more than three fourths were employed to build railways which belong to the State and yielded it for the fiscal year 1886 and 1887 a net revenue of £1,088,945, or nearly enough to pay the interest on its whole debt, which in 1887 amounted to £1,272,591.

According to the *Statistical Review* for 1886 published by the Government of Canada, the revenue of Victoria is \$140.45 per head of its population, while that of our province only amounts to \$2.20 per head. Where is the intelligent man who will pretend that a province whose revenue only represents \$2.20 per head can borrow on the same terms as a quasi independent colony, whose revenue exceeds \$140.00 per head.

Further, the bonds of Victoria are well known in the London market and for a long time past have been quoted above par, so that the financial agents of that colony could easily obtain the highest prices for their bonds. The position of the province of Quebec was very different, as we had never borrowed in England at less than 5 and 4½.

When these facts are taken into account, is there any reason to be surprised that English capitalists should prefer to our bonds those of Victoria and pay dearer for them? It is unquestionable that the securities of the Province of Quebec, constitute as safe an investment as those of any other province whatever. But unfortunately these securities, like those of the Dominion of Canada, are not appreciated in that way in the London market, where they are not quoted as they should be. However, we could not help this: capital has its whims or its exigencies which a Government cannot control like a private individual or a banking house by bulling the market. Nevertheless, all the proportions taken into account, the negotiation of our 4 per cents, at 96½ was a much greater success than the negotiation of the Victoria 4 per cents at 108, as in our case, by diminishing by 1 per cent the rate of interest, we raised by 20 per cent the value of the bonds of the province, while that of the Victoria bonds has not increased, but on the contrary has realized less than previous loans.

Finally, it will be admitted that the credit of the Dominion or the value of its securities should be higher than that of the bonds of the Province of Quebec. Now, on the London market, the bonds of the colony of Victoria are quoted at a higher

figure than those of the Federal Government, which clearly proves that it is simply absurd to pretend that we could have obtained for our 4 per cents the price at which those of Victoria are quoted.

But there is one point on which I defy contradiction, and this is the fact that we got for the bonds we sold their full current value and even more. At the time of issue of the bonds of the loan of 1887, our 5 per cents were quoted in London at 112 and at from 108 to 109 in New York. Now, comparing the relative par values, it will be easily seen that  $96\frac{1}{2}$  at 4 per cent is more advantageous than 112 at 5 per cent.

As regards the Dominion  $3\frac{1}{2}$  per cents, which are actually quoted at 103 in the London market, the question is not so much to compare this quotation with ours as, in justice to us, to find out what that loan yielded net to the Federal Government, at the time of its issue and to not forget the important fact that the credit of the Dominion is naturally higher than that of the province.

In 1884, the Federal Government issued a loan of £5,000,000 sterling or \$24,333,333.33 at  $3\frac{1}{2}$  per cent. The net proceeds of that loan were \$21,551,337.62, showing a loss of \$2,781,995.71 for commission and discount. This loss raises the interest to 4 per cent and leaves the percentage received per \$100 at 89. There is a wide difference between this result and the calculations of certain newspapers, which seek to make the public believe that those bonds brought the Federal Government 101. The last Federal 4 per cent loan—that of 1885—realized 99. The other 4 per cent loans of the Government of Canada yielded as follows: that of 1878, 95.40; that of 1877, 95; that of 1876, 88.50; that of 1875, 97.40; that 1874, 88. while that of 1870, with the Imperial guarantee, produced 103.63.

As will be seen, the loans of the Government of Canada, whose credit is better established than that of the Province of Quebec, and whose resources are infinitely greater, did not return more, average term, than our last loan at the same rate of interest. Let me add that the 4 per cent loan of 1885, sold at 1 per cent over par, only realized 99 and would not have even yielded this percentage if the Government had been under the necessity of bringing the funds into the country; but it only wanted them to convert 5 per cents into 4 per cents, so that there was no displacement of the money and consequently no exchange to pay, which would have reduced the net proceeds to  $97\frac{1}{2}$  or to 98 at the furthest.

We have been blamed for having sold the bonds of the last loan at a firm price, instead of placing them on the market by public tender.

This censure in the part of these persons has no better foundation than the others. The mode of public tender, which involves risks that we did not care to run, was absolutely impracticable under the exceptional circumstances of the case. There was a regular organization to prevent us from succeeding or to force us to accept certain unfavorable proposals that had been made to us. It was simply sought to blackmail us, as I have been personally informed by a gentleman who was thoroughly posted in all that was being done towards that end. To defeat all these manoeuvres, we transacted with an institution, absolutely independent by reason of its great resources and altogether unassailable by all combinations of the nature referred to.

Moreover, by asking for tenders, we would not have got more than we did by selling firm. Clearly, we would not have been offered more than the current value of our five per cents on the market. At that date, these 5 per cents were quoted at from 111 to 112 in London, and from 108 to 109 in New York. Taking into account the relative proportion of the values, 5 per cents at 112 are equal to 4 per cents at  $94\frac{1}{2}$  or 95. This is unquestionably what we would have obtained by public tender, as the bidders would have offered us the market price or current value. But from these  $94\frac{1}{2}$  or 95, there would have to be deducted all the expenses of emission, which amount to about 2 per cent, so that the net proceeds would not have exceeded 93. Instead of that, we obtained  $96\frac{1}{2}$  or about  $3\frac{1}{2}$  more by operating as we did,

The Victoria loan, upon which so much favorable stress has been laid, was put on the market by public tender, through the medium of the *London and Westminster Bank*, one of the most powerful monetary institutions in England. At the time of the issue, the previous 4 per cent so that colony were quoted at from 109 to 111. The tenders for the new loan did not exceed 108 to 109 and, as the colony had to pay the costs of issue and the bank's commission, it realized net much less than 108, that is to say, 4 or 5 per cent less than the current value of its bonds,

This is the natural result of the system of public tender which certain people blame us for not having adopted. With that system, a very low price must be always fixed as a minimum of the subscriptions, in order to make sure that the amount will be subscribed, even in the event of political occurrences or other circumstances, which might affect the state of the money market. If we had proceeded by way of public tender, we would have had to fix a minimum price of about 95 and if any disturbance had occurred in the money market, this minimum might not have been reached and then we would have been obliged to accept the lowest price and the province would also have had to pay all the expenses of emission and commission, which would have considerably reduced the net proceeds,

Through motives which are easily understood, certain parties pretend to see a great wrong in the fact that, after having purchased our bonds at 96½ firm, the Credit Lyonnais placed them on the market at a quotation above par.

If we committed a mistake, it must always be admitted that we only followed the example of our critics. It is well known, that the loan of 1880 like that of 1888, was disposed of at a firm price, without calling for tenders, at 98. It was placed on the market at 1, 1½ and 2 per cent more and the Ministerial press of the time found that this was the highest praise that could be made for the operation.

"Another piece of information which we can give our reader" said *La Minerve* "and which cannot fail to inspire confidence in this financial operation of the Quebec Government, is that the entire loan has been taken at 98½, 99, 99½ and 100, that is to say, that the whole has been subscribed for over the rate of emission.

But this is precisely the case with the last loan. If it was "a mark of confidence in this financial operation of the Quebec Government" in 1880, why is it not equally so in 1888.

The same thing happened in 1883. The loan of 1882, sold at par to the Bank of Montreal, was placed on the market at 107 and the *Montreal Gazette* had not a word to say against the circumstance, any more than the other newspapers which are now reproaching us for having done as the Chapleau Government did in 1880 and the Mousseau Government in 1883.

It is contended that the value of our bonds has gone up since we sold them. Quite true; but what is the conclusion to be drawn from this? Is it not that the credit of the Province has improved? But is it a crime to have raised the credit of the Province and increased the value of its securities?

By Mr. Wurtele's operation, the Bank of Montreal gained 7 per cent in placing at 107 the bonds that he had sold it at par; and yet no one complained. The Credit Lyonnais gained much less on our bonds and the parties, who had nothing to say about the 7 per cent gained by the Bank of Montreal, now grumble at the much smaller profits realized by the Credit Lyonnais. Party spirit alone can explain such a want of logic.

Moreover, it is quite probable that the rate obtained by the Credit Lyonnais was only the result of a stock operation, such as these powerful institutions

can successfully manipulate. One of the London dailies, the *Standard*, objected to it as exaggerated. It said at the time: "The Credit Lyonnais invites subscriptions here and in Paris for a loan of £722,000 in four per cent bonds of the Province of Quebec. Nominally the bonds are offered at par, but the interest runs from the 1st instant and, as the whole of the money is not called till the 01th of March, the real price is a few shillings under par. Even then the bonds will be thought dear by many."

The House will kindly pardon the somewhat lengthy explanations I have given in regard to this loan, but I have deemed it my duty to do so in view of the unfair and disloyal attacks of which this financial operation has been the object.

I cannot conclude my remarks on the subject without stating that we only have had to congratulate ourselves upon our relations with Mr. Moret, the worthy agent of the Credit Lyonnais. In all the relations we had with that gentleman, he displayed much tact, great intelligence, uncommon ability, and the most admirable courtesy. We can assert that Mr. Moret and the managers of the Credit Lyonnais, while protecting their own interests, manifested a sincere, an openly expressed desire to renew and extend the business relations between France and Canada and to enhance the credit enjoyed by the Province of Quebec.

We really experienced genuine pleasure to see the great newspapers of London acknowledge the unquestionable success of our operation. The Honorable Premier and his colleague, Honorable Mr. Garneau, had themselves occasion to note that in France our institutions and resources are better known and appreciated and that in the future we need have no fear about entering the London or Paris market. Let me add that, in applying to the Credit Lyonnais, the Government could not have selected a more honorable and better known house or one that inspires more confidence and does a larger business with all parts of the old world. I am firmly convinced that, without the aid of that powerful institution, we would not have succeeded as well as we did, judging from the little eagerness displayed by certain other financial institutions to give us the real value of the bonds we offered them.

#### IV.

#### Fiscal Year 1887-88.

It will be readily understood that it is impossible to indicate with precision the result of the operations of this fiscal year, before it has closed. As compared

with my estimates, the real receipts and expenses show differences which are easily accounted for. All that it is possible to do for the moment is to examine a little the statement of the receipts and payments to the 1st April and draw therefrom certain conclusions.

A glance at this statement suffices to show that the receipts will exceed the expenses by a considerable amount. I speak of the ordinary operations. On the 1st April, the ordinary receipts had reached \$3,024,981.65 and the ordinary expenses \$2,259,960.14, which left a surplus of \$765,021.51, and it is probable that the surplus at the end of the year will not be materially diminished, if we realize all the receipts upon which we count.

As for the extraordinary expenses payable out of the proceeds of the loan, they need not be referred to.

As I have already established, we found when we came to power an empty treasury and a large amount of floating debt, a portion of which was then payable and the residue at no distant date. We had also to provide for the current expenses of the public service and to meet which we had nothing, most of the appropriations being either insufficient or exhausted. After a year's administration we have succeeded in restoring the credit of the Province; we have consolidated the floating debt, and, by means of this conversion, we have effected a considerable saving in the interest service.

But we did not limit our exertions to this operation; we gave attention to increasing the revenue, and, on this head, we can say that we have not been disappointed. We have collected a considerable amount of arrears of the common school fund; and, thanks to the changes we made in the license law and the vigor with which we caused it to be enforced, we have materially increased the receipts from that source. We also hope for a large augmentation of our revenue from woods and forests, in consequence of the changes in the tariff of ground rents and timber dues. The tax on commercial corporations has produced, to the 1st April, \$557,165.00, which increases the receipts by as much more.

This is what we have done in a year's administration, and, to-day, we are in a position to affirm that there is now an excess of receipts over expenses and, that, thanks to our policy, the Province can look forward to the future without apprehension.

As far as the payments are concerned, I should add that several measures of great importance have forced us into an expenditure that could not be foreseen

but which it was in the public interest to incur. Some items of expense will be over and some under the figure of my estimates, as already stated, and the supplementary credits to be asked for will show where the principal differences lie. Several of these additional credits are necessitated by the unforeseen expenses entailed by the important reforms we have effected in certain branches of the public service. We have adopted a policy of initiative, of reform and of well matured progress, and, if, to this end, we had to add a little to the expenses, the results obtained for the province amply compensate it for the augmentation. With a narrow policy, a policy without vigor, strength or vitality, and never looking beyond its daily wants, we have nothing in common. Although it costs a little dearer, we prefer a policy of initiative, of progress and of real advancement, which nevertheless will not prevent the fiscal year from showing an excess of ordinary receipts over ordinary expenses.

## V

**Supplementary Budget for 1887-88.**

The insufficiency of the appropriations voted for the current year calls for a supplementary budget of \$453,282.10 ; of which \$285,000 are for the construction of the Parliament Buildings and the Quebec Court House. The following is a list of the additional sums required to meet the unavoidable expenses of the present fiscal year :

Legislation.....	\$24,538.83
Civil Government.....	1,719.71
Public Instruction.....	1,484.80
Administration of Justice.....	6,600.00
Immigration and Repatriation.....	3,300.00
Lunatic Asylums.....	11,000.00

*Public Works :*

Rents, repairs, insurance.....	17,293.81
Crown Lands.....	57,344.93
	<hr/>
Codification.....	\$ 123,282.10
	45,000.00

*Public works imputable to capital :*

Construction of Parliament House.....	\$175,000.00
Construction of Quebec Court House.....	110,000.00
	<hr/>
	285,000.00
	<hr/>
	\$453,282.10

The \$24,538.85 are intended to pay certain services which cannot be left in suspense. The following is a list of these :—

Salaries.....	\$ 2,933.19
Writers and messengers.....	4,234.84
Stationery .....	2,342.62
Sundries.....	4,637.15
Unforeseen expenses.....	852.20
Library of the Legislature.....	2,500.00
Expenses of elections .....	5,000.00

*Printing :*

For printing the report of the Provincial Secretary...	\$ 1,000.00	
To pay an account due to the proprietor of the <i>Montreal Gazette</i> previous to the 1st February, 1887.....	1,038.85	
	<hr/>	2,038.85
		<hr/>
		\$24,538.85

The \$1,719.71 asked for civil government are intended to pay the following services :—

Department of Public Instruction.....	\$ 500.00
Registrar of the Province, to pay to I. P. Dery an account due previous to 1st. February, 1887.....	345.14
Accounts for subscriptions due to different newspapers previous to 1st February, 1887.....	874.57
	<hr/>
	\$1,719.61

The amounts asked for charities are to supply the insufficiency of the appropriations for that purpose, arising from the increase of the number of children admitted to the reformatories and industrial schools.

The additional credit for immigration and repatriation is made up of the following :

Old accounts .....	\$ 1,800.00
Travelling expenses and settlement in the country of a certain number immigrants from Brittany and other parts of France.....	1,500.00
	<hr/>
	\$3,300.00

Of the \$17,293.81 asked for public works, there are \$9,569.87 to meet certain expenses of maintenance of public buildings and \$7,723.94 for repairs to court houses and gaols. All these expenses have been incurred on the recommendation of the Engineer of the Department of Public Works, who considered them indispensable.

The \$11,000 for asylums are required to settle the accounts of the proprietors of those institutions to the end of the present month and to pay the medical boards.

The following sums are needed for Crown Lands :

Surveys .....	\$22,844.93
General expenses. ....	28,000.00
Cadastrés .....	5,000.00
	<hr/>
	\$55,844.00

All these are to pay off arrears on liabilities incurred previous to the 1st February, 1887.

There is an item of \$1,500 for stamps, licenses, &c. The Treasury officers were obliged to carry to this account certain expenses incurred for the collection of the taxes on commercial corporations, as there was no appropriation in the budget for the same.

The amount asked for the Codification is necessary to pay the cost of printing, binding and other expenses from this to the 30th June.

The appropriation asked for the construction of the Parliament Buildings embraces \$95,000 for a settlement with the contractor to the 1st July, 1887, of all claims disputed and undisputed to that date, and \$80,000 payable from this to the end of the fiscal year for works executed in virtue of the contracts, and certain unforeseen works mentioned and recommended in the Engineer's report.

A sum of \$110,000 is also needed to pay for works executed according to the contracts for the construction of the Quebec Court House.

All these payments on construction account are imputable to capital and do not affect the result of the ordinary operations.

## VI

**Fiscal Year 1888-89.**

I estimate the receipts of this fiscal year at \$3,403,672.80, of which \$58,000 will be receipts on capital account and \$3,345,672.80 for ordinary revenue.

This estimate is based on the receipts of the last fiscal year, taking into account the changes more or less likely to occur in certain items. The following is an enumeration of the receipts :

*Dominion of Canada :*

Subsidy payable in virtue of Confederation Act.....	\$ 959,252.80	
Interest on trust funds.....	55,459.32	
Special subsidy under 47 Vict., Cap. 4, Dominion...	127,460.68	
Interest on railway subsidy under 47 Vict., Cap. 8, Dominion.....	119,700.00	
		<u>\$1,261,872.80</u>

*Interest :*

Interest on price of sale of Q. M. O. & O. Railway...	\$ 375,000.00	
Interest on loans and deposits.....	40,000.00	
Interest on collections made by Ontario Government on account of common school fund.....	30,000.00	
		<u>445,000.00</u>

*Administration of Justice :*

Law stamps.....	\$ 160,000.00	
Law fees.....	5,000.00	
Building and Jury Fund.....	15,000.00	
Municipalities for maintenance of prisoners .....	16,000.00	
Gaol guards, Montreal and Quebec.....	4,000.00	
Fines.....	2,000.00	
Montreal Gaol.....	2,000.00	
Court House, Montreal.....	2,000.00	
High Constable's fees, Quebec .....	600.00	
		<u>209,600.00</u>
Registration stamps.....		16,000.00
Licenses.....		340,000.00
Crown Lands.....		821,000.00

<b>Taxes on commercial corporations.....</b>	<b>\$ 125,000.00</b>	
"        "        "        (arrears) .....	50,000.00	
		<b>175,000.00</b>
<b>Percentage on fees of public offices.....</b>		<b>7,000.00</b>
<b>Percentage on renewals of hypothecs.....</b>		<b>500.00</b>
<b>Legislation.....</b>		<b>3,000.00</b>
<b>Official Gazette .....</b>		<b>23,200.00</b>

*Lunatic Asylums :*

<b>Contributions from municipalities for 1888-89.....</b>	<b>\$ 25,000.00</b>	
<b>Arrears of contributions.....</b>	<b>10,000.00</b>	
		<b>35,000.00</b>
<b>Rents, &amp;c., of public buildings.....</b>		<b>1,000.00</b>
<b>Contributions to pension fund .....</b>		<b>5,000.00</b>
<b>Casual revenue .....</b>		<b>2,000.00</b>
<b>Quebec Fire Loan.....</b>		<b>500.00</b>
		<b>\$3,345,672.80</b>
<b>Repayments by the proprietors of the St. Jean de     Dieu and Beauport Asylums.....</b>	<b>\$ 8,000.00</b>	
<b>Municipal Loan Fund.....</b>	<b>50,000.00</b>	
		<b>58,000.00</b>
		<b>\$3,403,672.80</b>

This estimate has been made with the greatest possible care and I have every reason to hope that we shall take in the amount indicated.

The amount to be received from trust funds calls for no explanation, as it is the same as in past years.

I hope to collect the \$30,000 put down as interest on the collections on account of the common school fund. We are actually negotiating with the Ontario Government on the subject and there is every reason to anticipate an early and final settlement of the question of the common school fund. The House is in possession of the bill intended to give us the necessary authority to effect this settlement. In any case, I have every ground to think that we shall collect these \$30,000.

The receipts from the administration of justice will probably yield more than the figure of my estimate, because that estimate is based on the receipts of last year, several items of which fell below the usual figure. In consequence of the general elections of 1886, our predecessors did not insist upon the municipalities paying up their indebtedness to the Government and, on coming into office, we had not the time to devote our attention seriously to these collections; but, since then, we have taken the matter in hand and are now laboring to get in what is due by the municipalities to the building and jury fund, as well as for the maintenance of the insane in the asylums, and I hope in consequence that the receipts arising from the administration of justice will exceed the figure of my estimate.

The revenue from licenses is estimated at \$340,000. This was the amount received from this source last year and the information supplied me by the officers of the department leads me to believe that this estimate is rather under than over the reality.

Since we have had the administration of affairs, we have devoted special attention to the enforcement of the license law; we have effected a number of reforms in this service, organized a system of the strictest supervision, and the care which we have given to the collection of the revenue has resulted in a material increase of receipts arising from this source. Last year, these receipts exceeded \$340,000 and, this year, if we can judge by the entries which have already come in, we shall get the same if not a larger amount. To make the existing law more effective, it should be so amended as to provide for a severer punishment of violations and I hope that the bill, actually under the consideration of a special committee of the House, will enable us to legislate in a way to satisfy the friends of good order and to prevent the illicit traffic in intoxicating liquors, which is the cause of most of the evils and disorders of which the advocates of temperance complain.

For the current fiscal year, I estimate at \$657,700 the receipts from Crown lands. The officers of the department are of opinion that the changes which we have made in the tariff relating to woods and forests will produce an increase of \$50,000 a year in the revenue from ground rents and \$100,000 in the receipts from timber dues. Allowing for this increase, I put the revenue for next year from Crown lands at \$821,000.

The revenue from taxes on commercial corporations is estimated at \$125,000. This is the average of the arrears accrued since this law went into force, as well as the figure at which this receipt was set down by Mr Wurtele, the author of the law in question. My estimate includes also \$50,000 of arrears and, if the pending suits are decided in our favor, this sum of arrears will be materially increased.

I count upon getting \$35,000 from the municipalities for their contributions to the cost of maintaining the insane in our asylums. This estimate is not exaggerated and will be more than realized, if we succeed in collecting only a portion of what is due to us under this head. But, as I stated last year, the municipalities show little inclination to settle what they owe to the Government and nearly all over the tendency is to throw upon the Government what properly should be the duty of the municipal corporations. This evil tendency of the municipalities must necessarily be checked. The municipal corporations should understand that the Government cannot stand the sacrifices it is making to develop the resources of the country, to improve agriculture, advance colonization and aid the construction of railways unless it collects all that is owing to it especially by the municipalities which directly benefit by these sacrifices.

I hope to collect \$50,000 on account of the amounts still remaining due to the municipal loan fund : This receipt is more or less certain ; for the last fiscal year, my predecessor counted on a receipt of \$100,000, but only \$5,380 were received. The municipalities show just as little willingness to pay these debts as the others they owe the Government. Some of them have been impressed with the idea that they will never be called upon to pay off their indebtedness to the municipal loan fund and it takes a good deal of trouble to convince them of the contrary and to get them to settle.

I estimate at \$4,475,222.86 the total payments of this fiscal year, made up as follows :

*Ordinary expenses :*

Service of the public debt.....	\$1,100,153.00	
Administrative service.....	2,177,206.04	
		<hr/> \$3,277,359.74

*Expenses imputable to capital :*

Subsidies to railway companies.....	\$ 783,500.00	
Construction of public buildings .....	414,363.12	
		<hr/> \$1,197,863.12
Total .....		<hr/> \$4,475,222.86

Let us go a little into the details of this general result :

The first item is the service of the public debt and is made up as follows :

Interest on the funded debt.....	\$1,023,983.70
Interest on trust funds.....	9,740.00
	<hr/>
	\$1,033,723.70
Sinking fund and redemption of bonds.....	59,429.30
Expenses of management.....	7,000.00
	<hr/>
	\$1,100,153.00

The interest service shows an increase of \$25,789.33, which is easily understood. Of the liabilities composing the floating debt, which were outstanding on our entering into office, we have paid considerable sums to railway companies, as well as for the construction of the Parliament Buildings and the Quebec Court House. Under the administration of our predecessors, these sums existed only in the state liabilities and bore no interest ; but they have since become payable and to pay them off, the loan had to be contracted which at present swells the credit intended for the service of the public debt, so that we are in no sense responsible for this increase which would have been still greater if we had not succeeded in getting a reduction in the rate of interest on the last loan.

The expenses of legislation are estimated at \$190,850.00. For the fiscal year 1886-87, they amounted to \$278,169.97, and for the current fiscal year they will probably attain the figure of \$213,063.32. There is therefore a reduction of \$87,319.97 in the real expenses of the last fiscal year and of \$2,215.32 on the probable expenses of the present one. This reduction is composed as follows :

Salaries, contingent expenses, printing, binding, &c., of the Legislative Assembly.....	\$16,715.32
Salaries of employees and contingent expenses of the library of the Legislature.....	3,050.00
Expenses of elections.....	5,000.00
Office of Clerk of the Crown in Chancery.....	600.00
	<hr/>
	\$25,365.32

From these reductions, the following increases must be struck :

Salaries of the Speakers of the two Houses, each increased by \$1000.....	\$2,000.00	
Library of the Legislature, for printing, binding, &c.....	1,000.00	
Salaries and contingent expenses of the Legislative Council.....	150.00	
		<hr/> 3,150.00
Final reduction .....		<hr/> \$22,215.32

For the current fiscal year, the expenses of civil government will probably reach \$207,958.67. For next year, we ask \$219,776.00 or an increase of \$11,817.33, of which \$9,099.81 are for contingencies. The residue of the increase is occasioned by the organization of the new department of agriculture and colonization.

The administration of justice is going to cost \$555,310.95 this year, which is more than it has cost in previous years, and we ask for the next fiscal year \$495,938.98 or \$59,371.97 less. Necessarily, the expenses of this service keep on increasing with the population and development of the country, two causes which are constantly adding to the volume of our judicial business and the number of prisoners to be maintained. It was on the strength of this unavoidable increase that my predecessors, Hon. Judge Wurtele, and the honorable member for Sherbrooke got the House to adopt resolutions calling on the Federal Government to assume the expenses of the administration of criminal justice. In all cases, there is very little difference between the credit entered in the budget and the amount expended for the same purpose in 1887.

The appropriation asked for public instruction is \$389,635 or \$19,565.20 more than the amount voted last session for the current fiscal year. The following are the items affected by this increase :—

Schools in poor municipalities.....	\$ 2,000.00
Primary instruction.....	300.00
Congress of School Inspectors.....	500.00
Scholastic museum.....	600.00
College of St. Genevieve, in the county of Jacques Cartier, instead of its annual grant, a sum, once paid, of.....	1,000.00
Roxton Commercial College.....	200.00
Convent of St. Cyprien.....	500.00

Convent of St. Norbert.....	200.00
Joliette College, to aid the construction of a building for the commercial course.....	2,000.00
Prize books .....	15.20
Convent of St. Jean Baptiste of Roxton, to aid its construction.....	200.00
Marist Brothers, Upton.....	200.00
Varennas Commercial College, to aid its construction.....	2,000.00
Terrebonne Commercial College, to aid its construction.....	2,000.00
Chicoutimi College .....	1,000.00
Distribution of education laws among school commissioners and trustees .....	4,000.00

*Literary and Scientific Institutions.*

Quebec Literary and Historical Society.....	500.00
Academy of Music.....	100.00
Geographical Society.....	100.00
Board of Arts and Manufactures .....	1,000.00
To put in force the Factory law.....	4,500.00
	\$24,015.20

The following grants disappear :

St. Therese College.....	\$ 2,000.00
Rimouski " .....	2,000.00
Journal of Public Instruction.....	450.00
	4,450.00
Which reduces the increase in the service to.....	\$19,555.20

The credit asked for agriculture is \$114,100.00. For the current fiscal year, it was \$115,089.78. There is consequently a slight diminution of \$989.78. The new items are :

Veterinary school .....	\$ 200.00
Butter and cheese factories.....	3,000.00
Prizes to encourage agriculture.....	200.00
Permanent Exhibition Committee.....	4,000.00
Stenographers .....	1,500.00
Arboriculture.....	300.00
Purchase of registers and other office requisites for the organization of the bureau of agriculture.....	1,500.00
Board of Health.....	2,610.22
	\$13,310.22

\* The retrenchments are in the following items :

Special grant to aid agricultural schools to provide themselves with butter factories.....	1,000.00
Richmond Agricultural College.....	1,000.00
Organization of the new department of agriculture.....	3,000.00
District agricultural exhibition.....	1,000.00
Agricultural Commission.....	3,000.00
Roads and bridges, Beauce.....	3,000.00
Journals of Agriculture.....	300.00
Provincial exhibition.....	2,000.00
	<hr/>
	\$14,300.00

A comparison of these two tables gives the following result :

Items reduced.....	\$14,300.00
“ increased.....	13,310.22
	<hr/>
Net figure of the decrease.....	... \$ 989.78

We ask \$8,500 for immigration and repatriation. Of this credit, we propose to devote \$2,500 to bringing emigrants into the country from France and \$2,000 to repatriation.

The various credits for colonization amount to \$124,500, which shows an increase of \$45,000, made up as follows :—

Colonization societies.....	\$ 5,000.00
Colonization roads.....	30,000.00
Deepening the Lacolle river to reclaim a large area of flooded land.....	4,500.00
Deepening the little Montreal river for the same purpose.....	500.00
Aid for the construction of a steamboat on Lake St. John.....	1,000.00
Publication of topographical reports and pamphlets on colonization.....	4,000.00
	<hr/>
	\$45,000.00

Against this increase, about \$3,000 of credits disappear, which reduces the real increase to \$42,000, that is to say, that instead of \$205,189.78, the probable amount of the expenditure for these purposes during the current fiscal year, the expenses for agriculture, colonization, immigration and repatriation will attain next year the figure of \$247,100.00.

We would have liked to do more for agriculture and the great cause of colonization ; but we have to consider the requirements of the public service and the resources at our command. If we succeed in converting the funded debt and in getting the Federal subsidy increased, we shall employ a portion of this additional revenue in laboring still more energetically for the settlement of our public lands.

The credit for public works and buildings, chargeable upon the ordinary revenue, is \$97,300.76. For the current fiscal year, the payments will probably reach \$145,522.61, which makes a reduction of \$48,221.85 in favor of the appropriation asked for next year.

For the fiscal year ending the 30th of the present month, rents, insurance and repairs of public buildings are going to cost \$103,877.50. The same services, next year, are set down at \$60,000 in the budget. Nevertheless, I must admit that, as regards these expenses, the budgetary anticipations are nearly always exceeded. It is almost impossible to correctly foresee all the works of repair which must be done and there are many which it is equally impossible to not execute, even when they have not been anticipated in the budget, without doing a real injury to the Province.

We ask \$27,200 for repairs to court houses and gaols. This is more than the ordinary appropriation, but it is very little in comparison with the real requirements and the representations which have been made to us by the authorities of the different districts. Scarcely any repairs have been done for some years to the court houses and gaols, so that the most of those structures are in anything but a desirable condition. It would be poor economy to delay the absolutely necessary repairs, without which several of the buildings of the Province will fall into a state of irremediable deterioration that will necessitate their being rebuilt.

The amount asked for the insurance of public buildings is \$7,194, instead of \$1,000 for the current fiscal year. This increase is explained by the fact that most of the policies, which were for a term of three years, expire next year, when they must be renewed for another term of three years.

There are few changes in the grants to benevolent institutions. This has not been for want of applications as we have received from all quarters the most pressing solicitations, which, under other circumstances, would deserve the most favorable consideration. If it had been possible, we would assuredly have made it our duty to accede to these demands ; but the state of the finances of the province does not permit us to contribute, as we would like, to all the good works

for which Government aid has been requested and the great number of these demands has increased the impossibility in which we find ourselves to do them even partial justice.

To satisfy them all would have taken a sum absolutely out of proportion with the means at our disposal and, if we had yielded only to a few, those which obtained nothing would have taxed us with injustice, inasmuch as all these applications are equally well founded.

I must admit also, that in this matter, it is advisable to act with great circumspection. It is true that many only ask for temporary aid, but once that aid has been obtained, it becomes an annual grant, and every means is taken to make it so until finally the Treasury is saddled with a host of charges which become regular perpetual rents.

For all these reasons, we have determined to only augment by a trifle the appropriation for private charities; the amount voted for the purpose for the current fiscal year is \$39,316, and we ask for next year \$41,506, which makes an increase of \$2,190.

The total of this item, including the maintenance of the insane in the asylums, is reduced by \$8,810; the credit for the current year is \$280,376, and we ask for next year \$271,506.

It is probable that, for the current year, the expenses of the Crown Lands department will reach \$184,294.93; we estimate them at \$175,000 for next year. This sum includes \$24,000 to give effect to the modifications which we have made in the tariff of ground rents and timber dues and which are going to produce a considerable increase in the revenue from woods and forests.

These expenses are absolutely necessary to put matters into good order in this branch of the administration of the Crown domain and to secure the collection of all that is payable under this head. Down to the present time, in collecting the timber dues, the declarations of the lumber merchants or their employees have been accepted as sufficient. But this system was calculated to favor fraud and, I regret to have to state that, as a matter of fact, extensive frauds have in this way been committed to the prejudice of the Government. The investigations we have made show that enormous quantities of timber cut on Crown lands have paid no dues whatever to the Government and that in certain sections of the province, the pillaging of the Crown forests has been systematically carried on without

any check by the officers of the department employed for the purpose. To prevent these frauds in the future, the new regulations provide that the timber shall be measured where it has been cut, which necessitates the employment of extra measurers and explains in part the increase of the expenditure to which I have just alluded.

For surveys, \$50,000 are asked ; this figure represents the average of the expenditure under this head for past years. I am of opinion that a large proportion of this expense is of more than doubtful utility. On the 30th June, 1887, we had available 7,015,498 acres of Crown Lands already surveyed and ready for delivery to settlers. During the course of the year, which expired on that date, there were sold or given as free grants 100,946 acres, which is about the yearly average of sales and free grants. At this rate, it would take more than a century before all the surveyed lands were taken up for settlement, so that the necessity of new surveys, on so large a scale, does not seem to be very striking. The fact is that, in the majority of cases, the boundary marks rot away or disappear and when they are needed to localize the lots asked for by settlers, the surveys must be begun over again. But I have no doubt that my honorable friend, the Commissioner of Crown Lands, will find some means to effect important reforms in this service which will probably reduce the amount entered for it in the budget.

The appropriation for the general expenses of the Crown Lands department is less by \$25,000 than the amount of the current year's expenditure. During the current fiscal year, we have paid off a lot of arrears, from previous years, of the liabilities contracted before the 1st February, 1887 ; it explains how it comes that the expenses under this head have attained so comparatively high a figure.

The increases in the various other services are as follows :

<i>Official Gazette</i> .....	\$ 1,300.00
1000 copies of Judge E. Taschereau's work on criminal law.....	1,000.00
Indemnity to the family of the late, E. St. Hilaire, member for Chicoutimi.....	600.00
Collection and copying of old French archives .....	10,000.00
Aid for the construction of an hospital and orphan asylum at Sherbrooke.....	1,000.00
Compensation to parties damaged by mistake in the surveys between the parish of l'Ange Gardien and Farnham.....	10,500.00
	<hr/>
	\$24,400.00

On the other hand, the following items disappear :

Asylum Commission.....	4,000.00
Printing 5,000 copies of municipal code for distribution to municipalities.....	5,000.00
Macadamizing roads in Beauharnois county.....	2,000.00
Payment to Jos. Dussault for 10,000 colonization pamphlets on Gaspesia.....	2,389.50
Interprovincial Conference.....	\$10,094.23
	<hr/>
	\$23,483.73

The total of the expenses imputable to capital is considerably reduced. We ask \$414,363.12 for public works and buildings and \$783,500 for subsidies to railway companies, making in all \$1,197,863.12. For the current fiscal year, the expenditure for public buildings will reach \$775,500 and the subsidies paid to railway companies will probably come up to \$812,406.40, or a total, for these two items, of \$1,587,906.40, which exceeds by \$390,073.28, what we propose to expend next year.

The following table shows the items in which there are increases or decreases :—

	1887-88	1888-89
Parliament Buildings .....	\$ 250,000.00	\$125,729.53
Court House, Quebec .....	2	42,733.59
Spencer Wood, to finish the stables, for a carriage shed and to build a lodging for the coachman and another for the guardian .....		4,000.00
Circuit Court, Kamouraska.....	6,000.00	2,500.00
Court houses and gaols in new districts.....	6,000.00	6,000.00
Court House, Arthabaska.....	6,000.00	1,400.00
“ Montreal.....	200,000.00	50,000.00
Iron bridges.....	25,000.00	100,000.00
Codification of the laws.....	45,000.00	63,000.00
McGill Normal School.....	2,500.00	
Protestant Lunatic Asylum.....	25,000.00	15,000.00
	<hr/>	<hr/>
	\$775,500.00	\$414,463.12

The expenses which we propose with regard to the construction of public buildings are absolutely necessary.

As for the Parliament Buildings and the Quebec Court House, we are determined to finish them completely between this and next year. These works have been going on for some years and we want to see the end of them, so as to strike them altogether out of the budget. I may be, perhaps, allowed to add that these two edifices have cost a little dear, but this is not our fault, as they were begun by our predecessors, and we have simply carried to completion the plans and contracts which existed when we came into office. The province was bound in the matter, and we were obliged to honor its engagements, for which we are in no sense responsible.

Now, Mr. Speaker, if we bring together the estimate of the ordinary receipts and that of the ordinary expenses for the fiscal year 1888-89, we get the following result :—

Ordinary receipts.....	\$3,345,672.80
Ordinary expenses.....	3,277,359.74
Surplus of receipts over expenses.....	\$ 68,413.06

In the presence of such a result, especially when contrasted with that of past years, it seems to me that we have the right to state that we have kept the promise we made to the country to restore good order and to reestablish an equilibrium in the financial situation of the province. The expenses necessarily increase with the requirements of the public service and the fresh wants created by the progress going on in the development of the country's resources ; but we have found means to increase the revenues, so that we have secured a surplus in the ordinary receipts, without laying any new burthen on the people and while devoting considerable sums to the advancement of colonization, education and the general interests of agriculture.

## VII.

**General Remarks.**

Mr. Speaker, the expose' which I have just submitted to you should convince all impartial men that we have kept our promise that we would do our best to place the finances of the Province on a healthy basis.

We have already considerably increased the revenue from licenses and I hope that we shall still further increase it by means of the vigorous supervision which we have organized to enforce the law on the subject.

We shall in a similar manner increase by \$150,000 our receipts from woods and forests. This increase comes from the changes we have made in the tariff ; but more than that we are endeavoring to bring it up to a still higher figure by imparting more efficiency to the outside service of the department and by preventing such frauds as have been committed in the past. The information we have actually before us, enables us to affirm that these frauds have caused an annual loss of \$100,000 to the province. If we succeed only in preventing the half of them, there will be already a gain of \$50,000.

The conversion of the floating debt represents also a gain of \$30,000 as compared with the rate of interest paid by our predecessors.

The energetic action we have taken with regard to the tax on commercial corporations will yield us an increase of revenue which Hon. Mr. Wurtele estimated at \$125,000 a year. There is no doubt that the law which imposes this tax contains provisions which are somewhat arbitrary ; but it is the law and we are forced to observe it as it is so long as circumstances will not allow of its repeal. We regret to be under the necessity of collecting this tax, but if we obtain the changes we ask in the figure of the Federal subsidy, I have every reason to believe that we will be then able to consider the propriety of materially modifying or repealing it. We have collected several debts, the settlement of which had been long dragging. Thus we came to a settlement with the city of Montreal which brought \$125,000 into the provincial chest.

We are also on the high road to settle with the province of Ontario the long vexed question of the common school fund. The Ontario Legislature has just passed a law providing for a settlement of this matter by arbitration and there is actually before this House a bill for the same purpose. The negotiations are already fairly advanced and, unless some unforeseen difficulties should spring

suddenly up, I feel that this affair will be definitely settled before the end of the summer. In any case, we shall hasten that settlement as energetically as possible.

I need hardly insist on the importance of the step we have taken to improve the financial situation of the province by holding the Interprovincial Conference. The resolutions of that Conference dealing with the readjustment of the Federal subsidy would result, if carried out, in increasing our revenue to the extent of \$347,967.80 a year and establishing the financial position of the Province on a sound and permanent basis.

Lastly, we have opened negotiations with the view of converting the consolidated debt in order to reduce the rate of interest which it bears. It will be easily understood that I cannot give the House for the moment the details of the project we have in view, without compromising the interests of the province or damaging the success of our negotiations. If effected on the desired terms, this conversion will save the province nearly a quarter of a million of dollars.

Such, Mr. Speaker, is the record of our fifteen months' administration, and, in the face of the facts just exposed, it seems to me that the House will admit that I was right in claiming at the beginning of my present statement that we have fulfilled our promise and brought the finances of the province into a sound condition. The present fiscal year will show a considerable increase of ordinary receipts, and, if it only depends on care in the collection of the revenue, I can affirm that this state of things will continue.

[illegible]

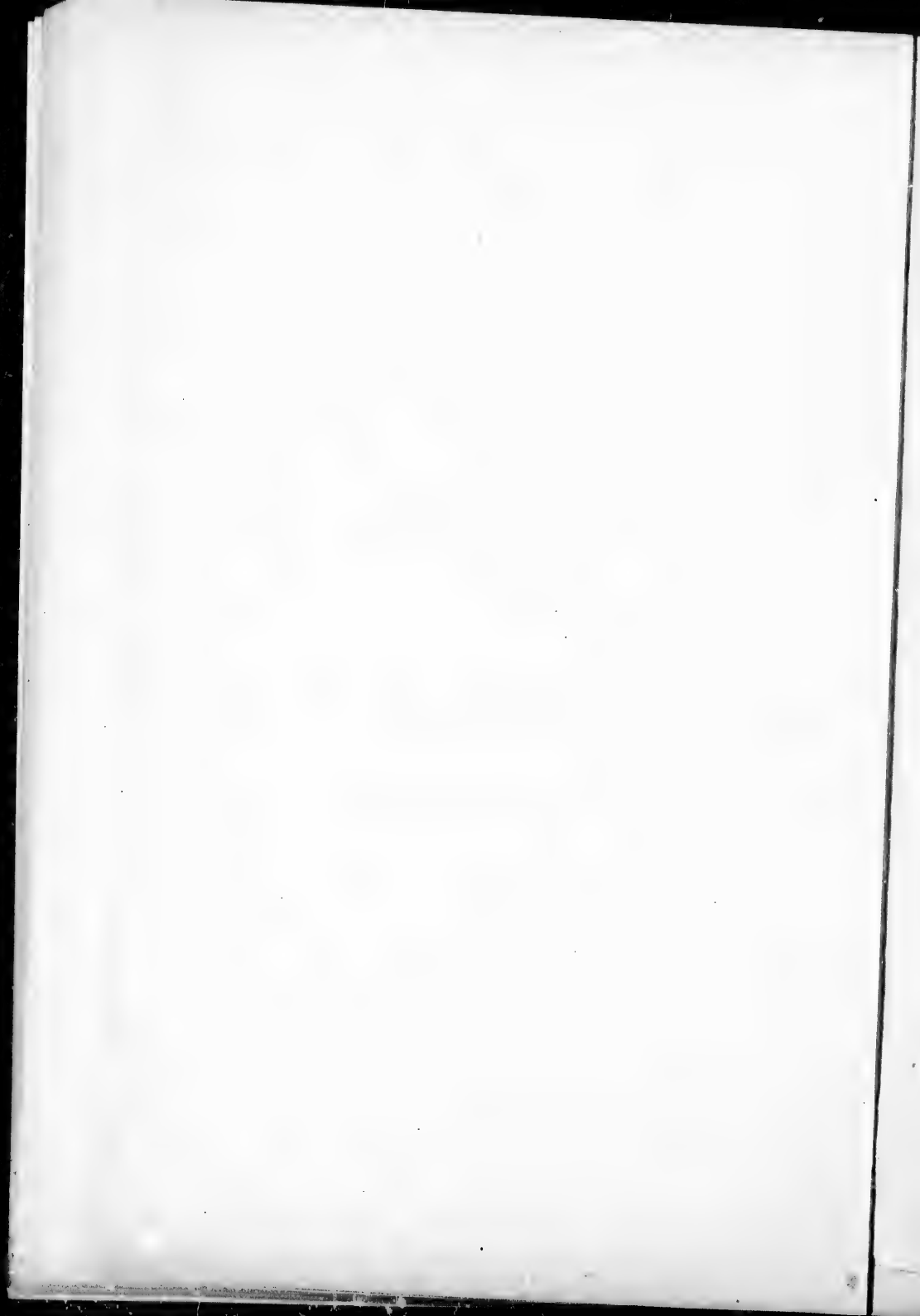
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**ANNEXES**

**TO THE**

**BUDGET SPEECH.**

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	Mr. Robert- son's estimate for 1886-87	Total Receipts on the 31st January, 1887	Balance of estimates to receive from 31st Jan. to 30th June 1887.	Amount received over the estimates on 31st Jan. 1887	Revised esti- mates of the amount to come in bet- ween 31st January and 30th June	Recei- th
	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	
Dominion of Canada, Subsidy.....	1,261,872 80	1,202,022 80	59,850 00	.....	59,850 00	.....
Interest from Ontario Common School Fund.....	30,000 00	.....	30,000 00	.....	30,000 00	.....
Crown Lands.....	700,000 00	396,957 75	303,042 25	.....	278,042 25	.....
Licenses.....	275,000 00	47,192 08	227,807 92	.....	235,807 92	.....
Administration of Justice.....	238,500 00	106,086 82	132,413 18	.....	117,413 18	.....
Percentage on the Fees of Public Officers.....	7,000 00	5,707 74	1,292 26	.....	1,292 26	.....
Legislation.....	4,000 00	3,924 99	75 01	.....	75 01	.....
Lunatic Asylums, Contributions by Municipalities.....	35,000 00	6,271 53	28,728 47	.....	28,728 47	.....
Official Gazette.....	20,750 00	11,723 84	9,026 16	.....	9,026 16	.....
Public Works and Buildings, rents, &c.....	1,000 00	2,232 82	.....	1,232 82	1,000 00	.....
Casual Revenue.....	1,500 00	636 15	863 85	.....	863 85	.....
Contributions to Pension Fund.....	5,000 00	3,017 88	1,982 12	.....	1,982 12	.....
Interest on Deposits.....	30,000 00	32,206 08	.....	2,206 08	1,000 00	.....
Interest on price of sale of Q. M. O. & O. Railway.....	375,000 00	185,942 11	189,057 89	.....	183,057 89	.....
Provincial Insurance Companies.....	.....	330 86	.....	.....	350 00	.....
Premium, discount and exchange.....	.....	67 06	.....	.....	.....	.....
Refunds.....	.....	511 40	.....	.....	.....	.....
Insurance on old Parliament House.....	.....	32,765 00	.....	.....	.....	.....
Industrial Schools.....	.....	.....	.....	.....	.....	.....
	\$ 2,984,622 80	2,037,596 91	984,139 11	3,438 90	948,489 11	
Quebec Fire Loan.....	500 00	.....	500 00	.....	500 00	.....
Municipal Loan Fund.....	100,000 00	5,380 00	94,620 00	.....	.....	.....
Repayments on loans to proprietors of Lunatic Asylums.....	2,500 00	7,125 00	1,375 00	.....	4,000 00	.....
Fees on Marriage Licenses.....	.....	3,612 00	.....	.....	.....	.....
Teachers' Pension Fund.....	.....	33,000 00	.....	.....	.....	.....
Security Deposits by Public Officers.....	.....	6,500 00	.....	.....	.....	.....
R. Catholic Sup. Education Fund for schools of arts and sciences.....	.....	.....	.....	.....	.....	.....

TABLE explaining the variations which occurred

in the Estimates for t

	Revised esti- mates of the amount to come in bet- ween 31st January and 30th June	Received over the revised estimate	Received less than the revised esti- mate	Amount received from the 1st Feb- ruary to 30th June, 1887	Total amount received for the fiscal year 1886-87	Amount received over ex-Treasurer Robertson's estimate	Amount received less than Mr. Robertson's estimate
cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts
.....	59,850 00	.....	.....	59,850 00	1,261,872 80	.....	.....
.....	30,000 00	.....	30,000 00	.....	.....	.....	30,000 00
.....	278,042 25	17,620 48	.....	295,662 73	692,620 48	.....	7,379 52
.....	235,807 92	59,215 48	.....	295,023 40	342,215 48	67,215 48	.....
.....	117,413 18	.....	21,457 42	95,955 76	202,042 58	.....	36,457 42
.....	1,292 26	4,596 39	.....	5,888 65	11,596 39	4,596 39	.....
.....	75 01	3,604 95	.....	3,679 96	7,604 95	3,604 95	.....
.....	28,728 47	.....	26,627 51	2,100 96	8,372 49	.....	26,627 51
.....	9,026 16	3,337 27	.....	12,363 43	24,087 27	3,337 27	.....
2 82	1,000 00	296 36	.....	1,296 36	3,529 18	2,529 18	.....
.....	863 85	.....	107 50	756 35	1,392 50	.....	107 50
.....	1,982 12	237 93	.....	2,220 05	5,237 93	237 93	.....
3 08	1,000 00	.....	418 85	581 15	32,787 23	2,787 23	.....
.....	183,057 89	.....	24 40	183,033 49	368,975 60	.....	6,024 40
.....	350 00	.....	146 02	203 98	534 84	534 84	.....
.....	.....	.....	.....	.....	67 06	67 06	.....
.....	.....	1,994 64	.....	1,994 64	2,506 04	2,506 04	.....
.....	.....	.....	.....	.....	32,765 00	32,765 00	.....
.....	.....	3 80	.....	3 80	3 80	3 80	.....
8 90	948,489 11	90,907 80	78,781 70	960,614 71	2,998,211 62	120,185 17	106,596 35
.....	500 00	.....	380 00	120 00	120 00	.....	380 00
.....	.....	.....	.....	.....	5,380 00	.....	94,620 00
.....	4,000 00	.....	3,500 00	500 00	7,625 00	.....	875 00
.....	.....	3,372 00	.....	3,372 00	6,984 00	6,984 00	.....
.....	.....	22,056 80	.....	22,056 80	55,056 80	55,056 80	.....
.....	.....	2,000 00	.....	2,000 00	8,500 00	8,500 00	.....
.....	.....	273 25	.....	273 25	273 25	273 25	.....

Public Debt, interest on Funded Debt.....
“ “ Temporary Loans and
“ sinking fund, redemption of bo
Charges of management.....
Legislation.....
Civil Government.....
Administration of Justice.....
Police.....
Reformatory Prisons and Schools and Indus
Inspection of Public Offices.....
Public Instruction.....
Scientific and Literary Institutions.....
Arts and Manufactures.....
Agriculture.....
Immigration and Repatriation.....
Colonization.....
Public Works and Buildings, rents, insuran
Inspection.....
Repairs to Court House, insurances,
Lunatic Asylums.....
Sundry charitable institutions.....
“ “ in general.....
Agent in France.....
Teachers' Pension Fund, instalment for 6 y
Civil Service Pension Fund.....
Municipalities' Fund.....
R. Catholic Sup. Education Fund, schools o
Crown Lands' expenses.....
Deschamps, <i>Liste des paroisses</i> .....
Quebec Official Gazette.....
Stamps, Licenses.....

# estimates for the fiscal year 1886-87

	Mr. Robert- son's estimate for 1886-87	Amount expended over the estimates before the 31st January, 1887	Total expend- iture to 31st January, 1887	Balance of estimates unexpended on 31st January, 1887	Supplementary estimate, 31st January, 1887
	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts
rest on Funded Debt.....	888,504 22		471,215 73	417,288 49	
Temporary Loans and Trusts.....	25,000 00	8,400 34	33,400 34		43,000 00
ing fund, redemption of bonds.....	85,214 12		26,878 60	58,335 52	
ement.....	7,101 97		3,262 74	3,839 23	
	217,960 00	9,214 52	138,749 38	88,425 14	21,437 22
	185,420 60		115,052 34	70,367 66	7,430 19
Justice.....	364,218 48		238,081 16	126,137 32	10,000 00
	14,090 00		8,982 25	5,107 75	750 00
ons and Schools and Industrial Schools.....	80,452 00		47,777 89	32,674 11	4,000 00
Public Offices.....	7,000 00		3,724 34	3,275 66	
n.....	248,885 0		245,135 00	103,750 00	6,410 00
erary Institutions.....	19,050 00	1,142 71	13,880 63	6,312 08	7,599 16
ctures.....	11,500 60		8,250 00	3,250 00	
	96,915 00	5,000 00	75,546 01	26,368 99	606 00
Repatriation.....	8,000 00		4,535 74	3,464 26	
	155,000 00		139,500 00	15,500 00	
l Buildings, rents, insurance and repairs.....	56,629 00		35,901 68	20,727 32	10,000 00
	2,000 00		26 15	1,973 85	
Court House, insurances, rents.....	20,106 76		11,360 12	8,746 64	
	230,000 00		131,386 01	98,613 99	13,000 00
e institutions.....	39,316 00		39,316 00		
" in general.....	20,000 00		11,985 80	8,014 20	
	2,500 00		1,166 66	1,333 34	
n Fund, instalment for 6 years, 44 Vict, chap. 22.....					6,000 00
sion Fund.....	15,000 00		8,713 95	6,286 05	
Fund.....	5,000 00		72 00	4,928 00	
Education Fund, schools of science and arts.....		500 00	500 00		
penses.....	136,811 00		102,000 00	34,811 00	17,600 00
des paroisses.....	2,000 00		2,000 00		
nette.....	14,500 00		6,249 60	8,250 40	

Amount estimated re- quired from 31st January to 30th June, 1887	Supplementary estimate, 31st January, 1887	Amount estimated re- quired from 31st January to 30th June, 1887	Expended over the estimate according to the Public Accounts	Expended less than the estimate ac- cording to the Public Accounts	Total amount of expenditure from 31st Jan. to 30th June, 1887	Total expend- iture for the fiscal year.	Total amount of expenditure over Mr. Ro- bertson's first estimates	Amount expended less
cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts
88 49	.....	417,288 49	.....	01	417,288 48	888,504 21	.....	01
.....	43,000 00	43,000 00	.....	9,361 42	33,638 58	67,038 92	42,038 92	.....
35 52	.....	27,480 85	.....	01	27,480 84	54,359 44	.....	30,854 68
39 23	.....	3,839 23	.....	982 40	2,856 83	6,119 57	.....	982 40
25 14	21,437 22	109,862 36	29,557 33	.....	139,419 69	278,169 07	60,209 07	.....
37 66	7,430 19	77,797 85	1,053 87	.....	78,851 72	193,904 06	8,484 06	.....
37 32	10,000 00	136,137 32	18,000 00	.....	154,137 32	392,218 48	28,000 00	.....
07 75	750 00	5,857 75	.....	414 01	5,443 74	14,425 99	335 99	.....
74 11	4,000 00	36,674 11	.....	.....	36,674 11	84,452 00	4,000 00	.....
75 66	.....	3,275 66	.....	727 24	2,548 42	6,272 76	.....	727 24
50 00	6,410 00	110,160 00	.....	.....	110,160 00	355,295 00	6,410 00	.....
12 08	7,599 16	13,911 24	.....	3,685 08	10,226 16	24,106 79	5,056 79	.....
50 00	.....	3,250 00	.....	.....	3,250 00	11,500 00	.....	.....
68 99	606 00	26,974 99	.....	13,044 78	13,930 21	89,476 22	.....	7,438 78
64 26	.....	3,464 26	.....	.....	3,464 26	8,000 00	.....	.....
00 00	.....	15,500 00	.....	.....	15,500 00	155,000 00	.....	.....
27 32	10,000 00	30,727 32	7,920 00	.....	38,647 32	74,549 00	17,920 00	.....
73 85	.....	1,973 85	.....	1,460 27	513 58	539 73	.....	1,460 27
46 64	.....	8,746 64	.....	619 55	8,127 09	19,487 21	.....	619 55
13 99	13,000 00	111,613 99	.....	.....	111,613 99	243,000 00	13,000 00	.....
.....	.....	.....	.....	.....	.....	39,316 00	.....	.....
014 20	.....	8,014 20	.....	2,540 75	5,473 45	17,459 25	.....	2,540 75
333 34	.....	1,373 34	.....	.....	1,333 34	2,500 00	.....	.....
.....	6,000 00	6,000 00	.....	.....	6,000 00	6,000 00	6,000 00	.....
286 05	.....	6,286 05	.....	866 21	5,419 84	14,133 79	.....	866 21
928 00	.....	4,928 00	.....	4,784 00	144 00	216 00	.....	4,784 00
.....	.....	.....	10,216 72	.....	10,216 73	10,716 73	10,716 73	.....
311 00	17,600 00	52,411 00	.....	300 00	52,111 00	154,111 00	17,300 00	.....
.....	.....	.....	5,600 00	.....	5,600 00	7,600 00	5,600 00	.....
250 40	.....	8,250 40	.....	.....	8,250 40	14,500 00	.....	.....

[illegible]



and, schools of science and arts .....	500 00	500 00			
.....	136,811 00	102,000 00	34,811 00	17,600 00	52,4
.....	2,000 00	2,000 00			
.....	14,500 00	6,249 60	8,250 40		8,2
.....	12,000 00	6,402 73	5,597 27		5,5
f the North Shore of the St Lawrence .....	6,000 00	6,000 00		3,500 00	3,5
M. O. & O. Railway .....	5,881 25	5,881 25		5,000 00	5,0
.....	1,000 00	525 00	475 00		4
.....	18,000 00	2,500 00	15,500 00		15,5
actories' Act.....	1,000 00		1,000 00		1,0
thelémi .....					
aint-Justin.....					
Collectors of Provincial Revenue .....					
urt House, purchase of ground .....				18,000 00	18,
.....	\$3,090,173 55	36,138 82	1,945,959 10	1,180,353 27	174,332 57
.....	54,420 00		54,346 09	113 91	130,000 00
.....	73,700 00		70,876 85	2,823 15	120,000 00
.....		7,794 00	7,794 00		
M. O. & O. railway outstanding .....	15,000 00		4,000 00	11,000 00	
panies.....	250,000 00	372,464 90	622,464 90		486,000 00
.....	\$3,483,293 55	416,397 72	2,705,400 94	1,194,290 33	910,332 57

		10,216 72		10,216 73	10,716 73	10,716 73	
17,600 00	52,411 00		300 00	52,111 00	154,111 00	17,300 00	
		5,600 00		5,600 00	7,600 00	5,600 00	
	8,250 40			8,250 40	14,500 00		
	5,597 27		2,680 44	2,916 83	9,319 56		2,680 44
3,500 00	3,500 00			3,500 00	9,500 00	9,500 00	
5,000 00	5,000 00	1,119 21		6,119 21	12,000 46	12,000 46	
	475 00		100 00	375 00	900 00		100 00
	15,500 00		14,625 35	874 65	3,374 65		14,625 35
	1,000 00		1,000 00				1,000 00
		2,000 00		2,000 00	2,000 00	2,000 00	
		1,600 00		1,600 00	1,600 00	1,600 00	
		28,748 62		28,748 62	28,748 62	28,748 62	
18,000 00	18,000 00			18,000 00	18,000 00	18,000 00	
174,332 57	1,323,831 17	105,815 76	57,191 52	1,372,435 41	3,318,414 51	296,920 64	68,679 68
130,000 00	130,113 91		122 00	129,991 91	184,298 00	129,878 00	
120,000 00	122,823 15		487 58	122,335 57	193,212 42	119,512 42	
					7,794 00	7,794 00	
	11,000 00		7,000 00	4,000 00	8,000 00		7,000 00
486,000 00	486,000 00		371,568 20	114,431 80	736,896 70	486,896 70	
910,332 57	2,073,768 23	105,815 76	436,369 30	1,743,214 69	4,448,615 63	1,041,001 76	75,679 68

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**REMARKS ON THIS TABLE.**

A glance at this table will show that, deducting the expenditure for the construction of the Parliament Buildings, the Quebec Court House and the Q. M. O. & O. Railway, the estimates for the five months embraced between the 31st January and the 30th June, 1887, were as follows :—

Estimated expenses.....	\$1,323,831.17
"    receipts .....	952,989.11

---

Probable deficit..... \$370,842.06

But, as certain variations occurred in the receipts and payments, the real operations were as follows :—

Actual payments for those five months.....	\$1,372,455.41
"    receipts        "        "        .....	988,936.76

---

\$383,518.65

Certain items of the receipts, as indicated in the table, exceeded the figure of the estimates, for those five months, to the extent of..	\$118,609.35
Others fell short of the estimates to the extent of.....	82,661.65

---

Which leaves a surplus of receipts to the amount of..... \$35,947.65

Certain items of the expenses, as indicated by the table, also exceeded the figure of the estimate for these five months to the extent of.....	\$105,815.76
While others fell below it to the extent of.....	57,191.52

---

Which leaves an excess of expenditure..... \$48,624.24

As compared with the estimate.

Now, if you strike from the net excess of payments over the estimates as above.....	\$48,624.24
The excess of receipts over those same estimates.....	35,947.65

---

A difference will be found of ..... \$12,676.59

Which represents the net result of the variations in the estimates of the receipts and payments for the five months in question.

The addition of this sum or this excess to the deficit foreseen gives the following result :

Deficit foreseen .....	\$370,842.06
Excess of expenditure over the estimates .....	12,676.59
	<hr/>
Real deficit for the five months.....	\$383,518.65
According to the estimates of February, 1887, the operations of the whole fiscal year were to result in a deficit of.....	\$370,842.06
To this foreseen deficit, must be added the supplementary budget.....	\$39,190.57
Less the items of the budget remaining outstanding on the 30th June, 1887.....	7,100.00
	<hr/>
	32,090.57
	<hr/>
	\$402,932.63
The special warrants must also be added.....	\$35,737.22
Less the amount of these outstanding on the 30th June, 1887 .....	2,096.59
	<hr/>
	33,640.63
	<hr/>
Which carries the apparent figure of the deficit to.....	\$436,573.26
But from this apparent deficit must be deducted the excess of receipts over the estimates of February..	\$35,947.63
The expenses which fell below the figure of the estimate and the special warrants..	\$57,191.52
Less the following expenses not covered by the budget :	
Royal Rommission <i>re</i> Q. M. O.	
& O. Railway.....	\$1,119.21
Teacher's Pension Fund.....	10,216.73
Building and Jury Fund.....	28,748.62
	<hr/>
	40,084.56
	<hr/>
	17,106.96
	<hr/>
	53,054.61
	<hr/>
	\$383,518.65

Which corroborates the deficit as above established.

gives the follow-

... \$370,842.06  
 ... 12,676.59  
 ... \$383,518.65

he  
 ... \$370,842.06

57  
 00  
 — 32,090.57

\$402,932.63

22  
 59  
 — 33,640.63

... \$436,573.26

63

06

— 53,054.61  
 — \$383,518.65

By making an estimate of the receipts and expenses for the fiscal year 1886-87, and a separate classification of the ordinary receipts and expenses from those which are not so, the following results are obtained :

Total amount of expenses.....	\$3,289,697.78
Total amount of receipts .....	2,965,446.62

Deficit.....	\$324,251.16
--------------	--------------

Estimated receipts.....	\$2,984,622.80
Real amount received.....	2,965,446.62

Deficit .....	19,176.13
---------------	-----------

Estimated expenses.....	\$3,090,173.55
Real expenses .....	3,289,697.78

Excess of expenses over estimate.....	\$ 199,524.23
---------------------------------------	---------------

The difference between the estimated and the real deficit is accounted for by the variations which occurred in the receipts and expenses, as compared with the figures of the estimates, namely :—

The receipts yielded less.....	\$106,596.35
And more.....	87,420.17

Net shortage.....	\$19,176.10
-------------------	-------------

The expenses show the following excess :—

Amount expended more.....	\$236,366.81
“ “ less.....	36,842.59

Net excess.....	\$199,524.23
-----------------	--------------

A comparison of these different amounts with the difference in the estimate of the receipts and expenses, gives the following result :

Estimated expenses.....	\$3,090,173.55	
“ receipts.....	2,984,622.80	
		<u>\$105,550.75</u>
Amount received less.....		19,176.18
“ expended more.....		199,524.23
		<u>199,524.23</u>
Deficit. ....		<u>\$324,251.16</u>

The difference between the estimated and the actual receipts and expenditure, as shown by the summary prepared by the department, is accounted for by the classification of the items which is a little different in each case. Some of these items are set down as ordinary expenditure in the estimates, whilst, in the actual receipts and payments, they are classified as they should be.

Quebec, 8th March, 1888.

TABLE showing the net proceeds of former loans and what they should have produced in comparison with the new loan.

Loans	Rate of Interest	Net proceeds	Amount they should have produced
1874.....	5 per cent	\$ 94.95	\$113.44
1876.....	5 "	100.00	113.44
1878.....	5 "	95.16	113.44
1882.....	5 "	100.00	113.44
1882.....	5 "	99.16	113.44
1880.....	4 1/2 "	88.26	106.03

TABLE showing what each of these loans should have brought, if placed at 4 instead of 5 per cent, calculating on the same basis.

Loans	Rate of Interest	Net proceeds	Equal to 4 per cent	Amount realized, 1888	Superiority of 1888
1874.....	5 per cent	\$ 94.95	\$ 80.02	\$ 96.50	\$ 16.43
1876.....	5 "	100.00	84.55	96.50	11.95
1878.....	5 "	95.16	80.90	96.50	16.60
1882.....	5 "	100.00	84.55	96.50	11.95
1882.....	5 "	99.16	83.81	96.50	12.61
1880.....	4 1/2 "	88.26	79.92	96.50	16.58

TABLE of the Loans negotiated by the Province of Quebec from 1867 to 1887

Amount authorized	Rate of Interest	Amount of Issue		Discount, commission and interest lost	Net Proceeds	Net Interest	Net Percentage
		£	\$ cts.				
Loan of 1874, under act 37 Vic., chap. 2, issued in London.....	5 per cent	800,000	3,593,333 34	269,100 57	3,624,232 77	5 37	93 07½
Loan of 1876, 39 Vic., chap 4, London. 5	"	860,000	4,185,333 33	9,000 27	4,176,324 06	5 01	99 78
Loan of 1878, 40 Vic., chap 1, New-York.....	"	.....	3,000,000 00	197,634 01	2,802,365 99	5 35	93 40
Loan of 1880, 43-44 Vic., chap. 45, Paris 4½	"	878,000	4,275,853 34	582,265 55	3,693,587 79	5 21	86 38
Loan of 1882, 45 Vic., chap. 18, Quebec 5	"	.....	1,056,500 00	2,493 11	1,063,906 89	5 01	99 76
Loan of 1882, 45 Vic., chap 18, London. 5	"	500,000	2,433,333 33	38,311 67	2,395,021 67	5 04	99 27
			\$18,854,353 34	1,098,913 98	17,855,439 17	30 59	571 60
Average of interest.....						5 16½	.....
" of percentage.....							95 26

### Extracts from the Statesman's Year-Book for 1888 relative to the Colony of Victoria.

This colony has an area of 87,884 square miles or 36,245,760 acres, about 1/34 part of the whole area of Australia.

The growth of the population as shown by the censuses of ten successive periods and by the estimated population on the 1st December, 1886 and on the 30th June, 1887, is exhibited in the following table :

<i>Date of Enumeration.</i>	<i>Males.</i>	<i>Females.</i>	<i>Total.</i>
8th November, 1836.....	186	38	224
12th September, 1838.....	3,080	431	3,511
2nd March, 1841.....	8,274	3,464	11,738
2nd March, 1846.....	20,184	12,695	32,879
2nd March, 1851.....	46,202	31,143	77,345
26th April, 1854.....	155,887	80,911	236,798
20th March, 1857.....	264,334	146,432	410,766
7th April, 1861.....	328,651	211,671	540,322
2nd April, 1871.....	401,050	330,478	721,528
3rd April, 1881.....	452,083	410,263	862,346
31st December, 1886.....	531,452	471,591	1,003,043
30th September, 1887.....	545,423	482,326	1,027,479

Of the total population in 1881, 108,919 were directly engaged in agriculture ; in pastoral pursuits, 13,731 ; commercial, 23,559 ; mining, 36,066 ; in entertaining or clothing, 41,712 ; contractors, artisans, and mechanics, 46,883 ; domestic servants, 24,723 ; public business, 9,901. About one half the population of Victoria live in towns. In 1871, the town population numbered 361,356 and in 1881, 434,467. The average density of the population of the colony was 8.5 per square mile in 1886.

For the year 1886, the value of the principal articles of export was as follows :

Gold (inclusive of specie).....	£1,954,326
Wool.....	4,999,662
Live stock.....	393,516
Leather, leatherware, &c.....	281,477
Breadstuffs .....	559,437

Tea (re-export) .....	322,299
Sugar (refined in Victoria).....	144,631
Apparel and slops .....	218,012
Tallow .....	120,900
All other articles.....	2,801,061
<hr/>	
Total.....	£11,795,321

or \$57,325,250.06, which makes about \$57.18 per head, while, in Canada, the exports for the same year were only equal to about \$19.00 per head.

The total quantity of gold raised from 1851 to 1886 is estimated at 54,393,000 ozs of an aggregate value of £217,572,000 sterling or about \$1,057,399,920.00 which makes an average of about \$30,211,426.00 a year.

There were 4,004 miles of telegraph lines, comprising 10,111 miles of wire and 420 stations, open at the end of 1886.

The railways in Victoria all belong to the State. There were 1880 miles of railway completed at the end of June, 1887. Besides these, 316 miles were in progress. The completed lines are distributed as follows :

<i>System.</i>	<i>Length of Line.</i>
Northern .....	576
Western.....	683
North Eastern.....	384
Eastern .....	221
Melbourne and Hobson's Bay.....	16
<hr/>	
	1880

The total cost of the whole of the lines, exclusive of stores and materials on hand, was £26,479,206 sterling,—of which all but about £2,400,000 was derived from loans—being about an average of £13,400 per mile for the miles open. The gross receipts in the year 1886-87, amounted to £2,453,078, and the expenditure to £1,427,116 or 58.18 per cent of the receipts. The profit on working was thus £1,025,962, being equivalent to 3.88 per cent of the total capital cost or 4.86 of the borrowed capital which bears interest at the average rate of 4.27 per cent. The number of passengers conveyed in the year 1886-87 was 49½ millions and the weight of goods and live stock carried was 2,972,761 tons, which figures show an increase of nearly 25 per cent over those of the previous year.

The revenue and expenditure of the colony of Victoria in each of the five financial years ended the 30th June from 1883 to 1887 were as follows :—

	<i>Revenue.</i>	<i>Expenditure.</i>
1883 .....	£5,611,253	£5,651,885
1884 .....	5,934,687	5,715,293
1885 .....	6,290,361	6,140,356
1886 .....	6,481,021	6,410,356
1887 .....	6,733,867	6,665,863
	<hr/>	<hr/>
	£31,051,189	£30,583,753
	30,583,753	

Excess of revenue..... £367,436 or \$1,785,738.96

which gives an average of \$393,147.79 a year.

The following table shows the amount of revenue and expenditure under the principal heads during the year ended on the 30th June, 1887 :

<i>Revenue.</i>		<i>Expenditure.</i>	
Customs.....	£2,132,361	Public debt.....	£1,272,591
Excise.....	120,701	Railways (working ex-	
Land tax.....	124,742	penses .....	1,364,400
Duties on estates of de-		Other public works .....	887,827
ceased persons.....	114,909	Post and telegraphs.....	578,451
Duty on bank notes.....	28,104	Crown Lands, &c.....	179,222
Stamp duty.....	160,000	Public Instruction .....	670,856
Business licenses.....	17,989	Charitable Institutions...	260,381
Tonnage dues.....	34,921	Judicial and Legal.....	204,135
Railways .....	2,453,345	Police and Gaols.....	294,763
Post and telegraphs.....	418,295	Customs, Harbors, &c.....	126,402
Crown lands .....	587,100	Defence.....	158,647
Other sources.....	541,400	Other expenditure.....	668,208
	<hr/>		<hr/>
Total .....	£6,733,867	Total.....	£ 6,665,863

That is to say, that the revenue was \$32,726,593.62 and the expenditure \$32,396,094.18, which leaves a surplus of receipts to the extent of \$330,499.44,

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Victoria has a debt, incurred in the construction of public works, which amounted at the end of June, 1887, to £33,119,164 or \$160,953,137.04 of which £25,404,847 or \$123,467,556.42 was borrowed for the construction of railways, £5,004,791 for water works, £1,103,557 for state school buildings and £1,603,969 for other public works. All but 1½ million of the public debt was borrowed in London.

The estimated total value of the rateable property of the colony in 1886 was £125,878,748 or \$611,770,715.28 and the annual value £9,621,135 or upwards of \$45,000,000.

(CIRCULAR REFERRED TO ON PAGE 17)

## PROVINCE OF QUEBEC

**Loan under Authority of the Act 50 Vic., Cap. 2, for \$3,500,00.**

*Debentures to be in amounts not less than \$500, or the equivalent in Sterling or Francs, to bear interest at a rate not exceeding 4 per cent per annum, payable half-yearly on the first days of January and July of each year. The date of the issue of the Debentures to be fixed by the Lieutenant-Governor in Council. The Debentures to be redeemable in 30 or 40 years (as may be agreed upon).*

The Honorable the Treasurer of the Province is prepared to receive, up to the 1st August, 1887, offers of net amounts, free of all commissions, charges and stamps, for the whole amount of this loan on any of the following conditions :

1. For an issue at  $3\frac{1}{2}$  per cent interest payable semi-annually. Debentures to be lodged in a Bank in London and to be delivered on payment of the same. Par of Exchange ( $9\frac{1}{2}$  per cent) to be guaranteed for the Bills drawn in payment,
2. For an issue at 4 per cent interest, conditions to be the same as are applicable to the  $3\frac{1}{2}$  per cent issue mentioned in clause 1.
3. For an issue at  $3\frac{1}{2}$  per cent interest, the Debentures to be lodged in a Bank at Quebec or Montreal and to be delivered on payment in currency of Canada.
4. For an issue at 4 per cent interest. Conditions the same as mentioned for  $3\frac{1}{2}$  per cent issue in clause 3.
5. The Honorable the Treasurer will also consider offers stating the rate of commission, including all charges, at which the party offering would be prepared to float the loan bearing either  $3\frac{1}{2}$  or 4 per cent interest.
6. The Honorable the Treasurer reserves to himself the right of rejecting all offers.

TREASURY DEPARTMENT,  
Quebec, 5th July, 1887.